Annual Report

OF THE

Indian Merchants' Chamber

FOR THE YEAR

1932

Presented to the Annual General Meeting of the Chamber held on 27th January 1933.

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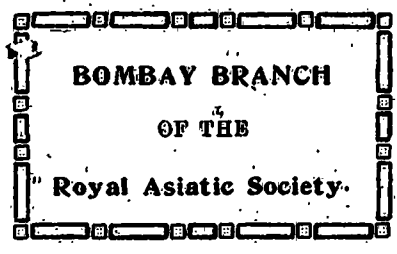
Published by

J. K. Mehta, M. A., Secretary, Indian Merchants' Chamber, Jehangir Wadia Building, Esplanade Road, Fort, Bombay.

Printed by Jal B. Dubash Manager "The Commercial Press," Fort, Bombay.

1933



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HONORARY MEMBER:
MAHATMA GANDHI.

List of Members

OF

The Indian Merchants' Chamber.

1933

LIST OF MEMBERS
of
THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Address.
1	Sir Dinshaw Edulji Wacha..	Messrs. Morarji Goculdas & Co. ...	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.
2	Mr. Chunilal Devkaran Nanji	,, Chugondas & Co. ...	17, Elphinstone Circle, Fort, Bom.
3	Sir Munmohundas Ramji ...	Sir Munmohundas Ramji ...	Shushtri Building, Circle, Fort, Bom.
4	Mr. Chatrabhuj Morarji ...	Messrs. Morarji Velji & Sons ...	Mulji Jetha Market, Govind Chowk. Bom.
5	,, Jamnadas Devidas ...	,, Jethabhai Govindji & Co. ...	Mulji Jetha Market, Sir Vithaldas Galli, Bom.
6	,, Jethabhai Kalyanji ...	,, Valji Shamji & Co. ...	Mulji Jetha Market, Chowk, Bom.
7	,, Mulji Laxmidas ...	,, Valji Sunderji & Co. ...	Mulji Jetha Market, Ghadial Galli, Bom.
8	,, Karsandas Thackersey...	,, Damodar Haridas & Co. ...	Mulji Jetha Market, Chikhal Galli, Bom.
9	,, Devidas Madhowji Thackersey.	,, Madhowji Thackersey & Co.	Raja Bahadur Motilal Mansion. Bruce Street, Bom,
10	,, Ramdas Madhowji ...	,, Ramdas Madhowji & Co. ...	Mulji Jetha Market, New Narayan Chowk, Bom.

11	Mr. Vithaldas Damodar Govindji.	Messrs. Damodar Govindji Sons & Co.	Govind Building, Princess St., Bom.
12	„ Morarji Hemraj Kanji ...	„ Hemraj Kanji & Co. ...	Mulji Jetha Market, New Govind Chowk Bom.
13	„ Hiralal Amritlal Shah ...	„ Hiralal Amritlal & Co. ...	Champsey Bldg. Princess Street. Bom.
14	„ Haridas Purshottam Govindji.	„ Purshottam Govindji & Co. ...	Mulji Jetha Market, Chowk, Bom.
15	„ Harjivan Valji ...	„ Harjivan Valji & Co. ...	12, Champa Galli, Shaikh Memon St., Bom.
16	„ Chhotalal Kanji ...	„ Chaturbhuj Jivandas & Co. ...	Kanji Gordhandas Bldg. Lohar Chawl Bom.
17	„ Bhugwandas Vussonji ...	„ Kanji Karsan & Co. ...	28-30, Peddar Road, Bom.
18	„ Purshottamdas Lalji ...	„ Lalji Tricumji & Co. ...	Mulji Jetha Market Ghadial Galli, Bom.
19	„ Lalji Naranji ...	„ Lalji Naranji & Co. ...	Ewart House, Tamarind Lane, Fort, Bom
20	„ Gordhandas Mathradas ...	Mr. Gordhandas Mathradas ...	Mulji Jetha Market, Ghadial Galli, Bom.
21	„ Vallabhdas Vandravan ...	Messrs. Vishram Dhunji & Co. ...	Mulji Jetha Market, Chowk, Bom.
22	„ Vaman Shridhar Apte ...	„ Vaman Shridhar Apte & Co,	Mulji Jetha Market, Govind Chowk, Bom.
23	Hon. Sir Phiroze C. Sethna.	Hon. Sir Phiroze C. Sethna ...	Canada Building, Hornby Road, Fort, Bom.
24	Mr. Madhowji Damodar Tnackersey.	Messrs. Thackersey Moolji & Co. ...	16, Apollo Street, Fort, Bom.

No.	Representative.	Member.	Address.
25	Mr. Chaturbhuj Gordhandas Sunderdas	Messrs. Mulji Jetha & Co. ...	Ewart House, Tamarind Lane, Fort, Bom.
26	„ Manmohandas Laxmidas...	„ Motilal Keshavji & Co. ...	81, Vithalvadi, Kalbadevi Road, Bom.
27	„ Gordhandas Govindji ...	„ Morarji Govindji & Co, ...	Mulji Jetha Market, Chikhal Galli, Bom.
28	„ Mulji Goculdas ...	„ Dharamsey Rattansey ...	Laxmidas Khimji Market, Shaikh Memon Street, Bom.
29	„ Ramdas Ranchordas ...	„ Ranchordas Thakersey & Co.	454–458, Kalbadevi Road, Bom.
30	„ Jamnadas Harakhji Sanghvi	„ Jamnadas Harakhji & Co. ...	82, Dady Seth Agiari Lane, Bom.
31	„ Jethmal Narandas ...	„ Jethmal Narandas & Co. ...	Mulji Jetha Market, Sancha Galli, Bom.
32	„ Mathuradas Haribhai ...	„ Mathuradas Haribhai & Co....	Mulji Jetha Market, Dharamraj Galli, Bom.
33	„ Laxmidas Keshavji ...	„ Haridas Keshavji & Co. ...	Parvati Building, Girgaum Road, Bom.
34	„ Manilal Revashanker ...	„ Revashanker Jagjivan & Co....	Khara Kuva, Shaikh Memon Street, Bom.
35	„ Sheriff Dewjee Canjee ...	„ Dewjee Canjee & Co.	Chakla Street, Mandvi, Bom.
36	Sir Purshotamdas Thakurdas	„ Narandas Rajaram & Co. ...	Navsari Chambers, Outram Road, Fort, Bom.

37 Mr. Govindji Ratansi Mulji..	Mr. Govindji Ratansi Mulji ...	Feltham House, Ballard Estate, Fort, Bom.
38 „ Purshotam Jivandas ...	Messrs Ramdas Khimji & Co. ...	Albert Building, Hornby Road, Bom'
39 „ Dhanjibhoy B. Petit ...	„ Dhanjibhoy B. Petit & Co ...	Elphinstone Circle, Fort, Bom.
40 „ Govindlal Shivlal ...	„ Raja Bahadur Shivlal Motilal	Hari Building, 58-64, Custom House Road, Fort, Bom.
41 „ S. R. Bomanji ...	Mr. S. R. Bomanji ...	Forbes Street, Fort, Bom.
42 „ Hansraj Jivandas ...	Messrs. Khimji Vishram & Co. ...	Dana Bundar, Broach Street, Bom.
43 „ Palanji Dadabhoy Chowna	„ Drewet Chowna & Co ...	46, Church Gate St. Fort, Bom.
44 „ Kaikobad Cowasji Dinshaw	„ Cowasji Dinshaw & Bros. ...	121, Medows Street, Fort, Bom.
45 „ Vithaldas Kanji ...	Mr. Mathuradas Vissanji ...	9, Wallace Street, Fort, Bom.
46 „ Govindram Harsomal ...	Messrs. Tarachand Ghanshamdass...	Jhaveri Bazar, Shaikh Memon Street, Bom.
47 „ Karsandas Mulji Jetha ...	Mr. Karsandas Mnlji Jetha ...	Ewart House, Tamarind Lane, Fort, Bom.
48 „ Velji Lukhamsi Nappoo...	The Grain Merchants' Association...	262, Musjid Bunder Road, Bom.
49 „ Pestonji Edulji Dhala ...	The Indian Mercantile Insurance Co. Ltd.	11, Bank Street, Fort, Bom.

No.	Representative.	Member	Address
50	Mr. Sultanbhoy Hajibhoy ...	Messrs. Hajibhoy Lalji & Co. ...	Akbar Building, Hornby Road Fort, Bom.
51	Sir Fazulbhoy Currimbhoy Ebrahim.	Sir Fazulbhoy Currimbhoy Ebrahim.	12-14, Outram Road, Fort, Bom.
52	Mr. Narandas Chatrabhuj...	Messrs. Gordhandas Khetsey ...	Manordas Street, 40, Holi Chakla, Fort, Bom.
53	Sir Shapurji B. Billimoria ...	„ S. B. Billimoria & Co. ...	113, Esplanade Road, Fort, Bom.
54	Mr. R. D. Lam	„ Tata Sons, Ltd. ...	Bombay House, Bruce St., Fort, Bom.
55	„ Dadabhai J. Registrar ...	The Berar Mfg. Co., Ltd. ...	Lloyd Building, Ballard Estate, Fort, Bom.
56	„ Hirjibhai Shapurji Patuck.	Messrs. H. S. Patuck & Co ...	Ismailji Building, Bank Streei. Fort, Bom.
57	Sir Kikabhai Premchand ...	„ Premchand Roychand & Sons	Apollo Street, Fort, Bom.
58	Mr. Thakordas Panachand...	„ Maneckchand Panachand & Co.	190, Jhaveri Bazar, Shaikh Memon Street, Bom.
59	Dr. M. Venkatrao	„ N. Powell & Co. ...	Lamington Road, Bom.
60	Mr. Nahalchund Laloochund	Mr. Nahalchund Laloochund ...	Tamba Kanta, Pydhonie, Bom.
61	„ Vallabhdas Dayal ...	„ Vallabhdas Dayal ...	Vadgadi, Mandvi, Bom.

62 Mr. Bharata K. S. Aiyar ...	Messrs. K. S. Aiyar & Co. ...	65, Apollo Street, Fort, Bom.
63 ,, Hirachand Vanechand Desai ...	,, Hirachand Vanechand Desai & Co.	Kalbadevi Road, Bom.
64 Prof. S. R. Davar ...	.. Davar's College of Commerce	80-82. Esplanade Road, Fort, Bom.
65 Mr. Phirozeshaw N. Mehta...	,, P. N. Mehta & Co.	Cook's Building. Hornby Road, Fort, Bom.
66 ,, Nandlal Kilachand ...	,, Kilachand Devchand & Co, Ltd.	Allahabad Bank Building, Apollo Street, Fort, Bom.
67 ,, Sorabji N. Pochkhanavala.	The Central Bank of India, Ltd.	Esplanade Road, Fort, Bom.
68 ,, Kalyandas Bhaidas Shroff.	The Bombay Shroff Associaiion ...	Shroff Bazar, Shaikh Memon Street, Bom.
69 ,, Jamnadas Mulchand Parekh.	Messrs Goculbhai Dolatram & Co...	Kalbadevi Road, Bom.
70 ,, Lavji Meghji ...	,, Curumsey Damji & Sons ...	Girgaum Back Road, Bom.
71 ,, Liladhar Javerchand ...	,, Mulchand Vussanji & Co....	90, Bazar Gate Street, Fort, Bom.
72 ,, Dwarkadaa Tribhovandas	Mr. Dwarkadas Tribhovandas ...	Singani Building, Marwari Bazar, Bom.
73 ,, R. D. Patel ...	Messrs. Patel Bros ...	Patel House, Churchgate St., Fort, Bom.
74 ,, Hormasji D. Jassoobhoy...	,, Chandabhoy & Jassoobhoy ...	43, Apollo Street, Fort, Bom.
75 ,, Ratansi Dharamsi Morarji	Mr. Ratansi Dharamsi Morarji	Sudama House, Wittet Road, Ballard Etate, Fort, Bom.

No.	Representative.	Member.	Address.
76	Mr. Fakirmahomed C. L. Sajun	Messrs. C. L. Sajun & Co.	Carnac Bunder, Bom.
77	,, Rowjee Ghellabhoy ...	,, Hirji Ghellabhoy & Co.	Bhat Bazar, Mandvi, Bom.
78	,, Vithaldas Liladhar Bhimji	Mr. Vithaldas Liladhar Bhimji	Princess Street, Bom.
79	,, M. V. Subiah ...	The Commission and General Agency.	Younoos Building, Nagarthpet, Bangalore City.
80	,, Dwarkadas Kalyandas ...	Mr. Dwarkadas Kalyandas.	Ridge Road, Malabar Hill, Bom.
81	,, Lakhmidas Rowjee Tairsee.	Messrs. Lakhmidas & Co.	29-31-33, Bohra Bazar Street, Holi. Chakla, Bom.
82	,, Kirtilal Manilal ...	,, Surajmal Lallubhai & Co.	Kalbadevi Road, Bom.
83	,, Manharlal Vrajdas Merchant.	Mr. Manharlal Vrajdas Merchant ...	Dady House, Churchgate Street, Fort Bom.
84	,, Maneklal A. Mehta ...	Messrs. Nagindas & Maneklal ...	Ravelin Street, Hornby Road, Fort, Bom.
85	,, Mavji Govindji ...	,, Mavji Govindji & Co. ...	Apollo Street, Fort, Bom,
86	,, Sankalchand G Shah ...	The Bombay Yarn, Copper and Brass Native Merchants' Association.	Tamba Kanta, Pydhonie, Bom.

87 Mr. Dalpatram B. Trivedi ...	Messrs. Trivedi & Co.	Navsari Chambers, Outram Road, Fort, Bom.
88 „ M. D. Gandhi ...	The Punjab National Bank, Ltd. ...	Amir Building, Elphinstone Circle, Bom.
89 „ Ramchandra M. Bhatt ...	Mr. Ramchandra M. Bhatt.	36-37, Sandhurst Road, Girgaum, Bom.
90 „ Jamnadas Dayalji Mehta...	Messrs. Pitamber & Co. ...	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.
91 „ Bhailal Dajibhai Amin ...	The Alembic Chemical Works Co., Ltd.	Baroda Camp.
92 „ A. D. Shroff ...	Messrs. Batlivala & Karani ...	Dalal Street, Fort, Bom.
93 „ Maneklal Manilal Ranchhoddas Pari.	Mr. Maneklal Manilal Ranchhordas Pari.	Maneck Chawk, Ahmedabad.
94 „ Phiroze J. Billimoria ...	The Indian Cement Co., Ltd. ...	Bombay House, Bruce Street, Fort, Bom.
95 „ M. A. J. Noble ...	Mr. M. A. J. Noble ...	26, Parsi Bazar Street, Fort, Bom
96 „ Jayvant Shantaram Divadkar	Messrs. Narayan Dhondoba & Co..	Lloyd Building, Ballard Estate, Fort. Bom.
97 „ Shoorji Vallabhdas ...	Messrs. Shoorji Vallabhdas & Co...	Cutch Castle, Sandhurst Road, Bom.
98 „ Rameshwardas Birla ...	„ Shivnarayan Baldevdas & Co,	Patel Building, Marwari Bazar, Bom.
99 „ Narsidas Jekisandas Gangadas	Mr. Narsidas Jekisandas Gangadas.	Shahibag, Ahmedabad.
100 „ Jiwandas Doongursee ...	Messrs. Doongursee & Sons.	59, Forbes Street, Bom.

No.	Representative.	Member.	Address.
101	Mr. Ramnivas Ramnarain ...	Messrs. Harnundrai Ramnarain ...	395, Kalbadevi Road, Bom.
102	,, Hormasji Bapuji Gazdar...	Mr. Hormasji Bapuji Gazdar ...	Beach House, Nepean Sea Road, Malabar Hill, Bom.
103	,, T. M. Rangachari ...	,, T. M. Rangachari	Poonamallee High Road, Vepery, Madras.
104	,, Walchand Hirachand ...	,, Walchand Hirachand ...	Phœnix Building, Ballard Estate, Bom.
105	,, Ambalal Sarabhai ...	,, Ambalal Sarabhai ...	"Retreat", Shahibag, Ahmedabad.
106	,, Mansukhlal Atmaram Master.	,, Mansukhlal Atmaram Master ...	Sudama House, Wittet Road, Ballard. Estate, Bom.
107	,, Damodar Govindji Madhowji.	Messrs. Govindji Madhowji & Co....	16, Apollo Street, Bom.
108	,, Bhagwandas Gordhandas.	Mr. Bhagwandas Gordhandas ...	9, Wallace Street, Fort, Bom.
109	,, Mathuradas Canji Matani.	Messrs. Kanji Dwarkadaswala ...	53, Mint Road, Fort, Bom.
110	,, Madhavlal Makanji ...	,, Madhavlal & Co., Ltd. ...	Alice Building, Hornby Road, Bom.
111	,, Nemchand Popatlal Vohora	,, C. K. Vohora & Co. ...	Saker Bazar Cross Lane, Railway Pura Post, Ahmedabad.
112	,, Nandlal Madhavdas ...	,, Amersey Damodar ...	106, Bhuleswar Road, Bom.

113 Mr. Kekhushru Manekji Cooper	Messrs. K. & J. Cooper ...	Katgara House, 15, Nepean Sea Road, Bom.
114 „ Narandas Keshoordas ...	„ Lalji Godhoo & Co. ...	Samuel Street, Vadgadi, Bom.
115 „ Manilal Balabhai ...	„ Manilal Balabhai & Co. ...	36, Humam Street, Fort, Bom.
116 „ Shantidas Ashkaran ...	Mr. Shantidas Ashkaran ...	"Shanti Nivas", Nepean Sea Road, Bom
117 „ Vyas Laxmishanker Narbadashanker	„ Vyas Laxmishanker Narbadashanker.	C/o The Vasant Spg. & Wg. Mills Ld. Broach.
118 „ Ishwardas Lukhmidas ...	„ Ishwardas Lukhmidas ...	"Garden View" Hughes Road, Bom.
119 „ N. M. Muzumdar ...	„ N. M Muzumdar ...	C/o Tata Sons, Ltd., Bombay House, Bruce Street, Fort, Bom.
120 „ Ishwarlal Ganpatram Gajjar.	„ Ishwarlal Ganpatram Gajjar ...	Parekh Builning, New Queen's Road, Bom.
121 „ Vassanji Naranji Bhimji...	„ Vassanji Naranji Bhimji ...	Vadgadi, Mandvi, Bom.
122 „ Rahimtulla M. Chinoy ...	Messrs. F. M. Chinoy & Co. ...	Band Stand, Chowpatty, Bom.
123 „ Edulji S. Cooper ...	„ Pallonji Edulji & Sons ...	New Charni Road, Girgaon, Bom.
124 „ Velji Lukhamsi Nappoo...	„ Nappoo Nensee & Co. ...	188, Argyle Road, Dana Bunder, Bom.
125 „ Alimohamad R. Macklai.	Mr. Alimohamad R. Macklai ...	97, Esplanade Road, Fort, Bom.
126 „ J. H. Bhabha ...	The Tata Hydro Electric Power Supply Co, Ld.	Bombay House, Bruce Street, Bom.

No.	Representative.	Member.	Address.
127	Mr. Dwarkadas Jekisondas ...	Mr. Dwarkadas Jekisondas ...	Dwarkadas Mansion Sandhurst Road, Bom.
128	,, Hansraj Haribhai ...	Messrs. Hansraj & Co. ...	20, Elphinstone Circle, Fort, Bom.
129	,, Vallabhdas Runchordas...	,, Vallabhdas Runchordas & Co.	Mahim, Bom. 16.
130	,, Kapilram H. Vakil ...	Mr. Kapilram H. Vakil ...	Navsari Building, Hornby Road, Bom.
131	,, Baldevdas Dalshukhram Dave.	Messrs. Somnath Rupjidas Patel ...	35, 3rd Bhoiwada, Bhuleshwar, P.O Box 2080, Bom.
132	,, Dawood Haji Nassur ...	,, Nassur Haji Mavji & Co. ...	Pohoomull Building, Mahomadalli Road, Bom.
133	,, Amratlal Amerchand ...	Messrs. Amerchand Madhowji & Co.	36, Kazi Sayed Street, Mandvi, Bom,
134	,, Framji Dorabji Panday ...	,, Pestonji & Co. ...	York Building, Hornby Road, Bom.
135	,, Laxmidas G. Tejpal ...	Mr. Laxmidas G. Tejpal ...	Vile-Parle (B. B. & C. I. Rly.), Bom.
136	,, Laxmidas Premji Goculdas	Messrs. M. P. Goculdas & Co. ...	Yusuf Building, Churchgate St. Fort. Bom.
137	,, Behram N. Karanjia ...	Mr. Behram N. Karanjia ...	238-40, Musjid Bunder Road, Bom.
138	,, Madhavdas Goculdas Pasta	,, Madhavdas Goculdas Pasta...	11, Bastion Road, Fort, Bom.

139	Mr. Jamnadas Morarji ...	Messrs. Jamnadas Morarji & Sons ...	Share Bazar, 8-10, Dalal St.,Fort, Bom.
140	„ Sarabhai Prataprai ...	Mr. Sarabhai Prataprai ...	"Madhuli," Grant Road, Bom.
141	Sir. Dinshaw Manekji Petit Bart.	Sir Dinshaw Manekji Petit, Bart. ...	359, Hornby Road, Bom.
142	Mr. Panachand Manchand...	Mr. Panachand Manchand	Sarasvati Nivas, Ville-Parle.
143	„ Balkishandas Ramkishandas	„ Balkishandas Ramkishandas ...	207-209, Kalbadevi Road, Bom.
144	„ Gordhandas Parshotamdas.	Messrs. Narrondass Manordass & Co.	Shaikh Memon Street, Bom.
145	Mr. W. Millard ...	The New India Assurance Co. Ltd	Central Bank Building, Esplanade Road, Bom.
146	„ Anandji Kanji ...	Messrs. Kanji Cursondas & Co.	183-185, Hornby Road, Bom.
147	„ Jamnadas Vassanjee ...	The Bombay Swadeshi Co-operative Stores, Co,, Ltd.	Cruikshank Road, Fort, Bom.
148	„ Maganbhai P. Amin ...	Messrs. Maganbhai Amin & Co....	32, Apollo Street, Fort, Bom.
149	„ Dhirajlal Maganlal ...	„ Purshotam Pranvallubh Co.	Dalal St., Share Bazar Bom.
150	„ Aboobaker Abdulrehman	„ Aboobaker Abdulrehman & Co.	14, Custom House Road, Fort, Bom.
151	„ Tulsidas Karsandas ...	Mr. Parmanand Karsandas Hargovan.	Mu'ji Jetha Market, Chowk, Bom.

No.	Representative.	Member.	Address.
152	Mr. S. D. Shethia ...	Messrs. Shivji Dharamsey Shethia & Co.	Sorab House, Hornby Road, Fort, Bom.
153	„ Jamnadas Ramdas ...	Mr. Tulsidas Ramdas ...	Marwari Bazar, Bom.
154	„ Pragji Dayal Harian i...	Mr. Pragji Dayal Hariani. ...	112, D'Souza Street, Mandvi, Bom.
155	„ Jivanlal Chimanlal Setalvad	Messrs. J. C. Setalvad & Co. ...	Jehangir Wadia Building, Esplanade Road, Bom.
156	„ Narandas Bhavanji ...	„ Narandas Bhavanji & Co ...	97, Vachhat House, Bhandari St, Bom.
157	„ Rattansey Hirji ...	„ Hirji Govindji & Co. ...	15, Baroda St, Dana Bunder, Bom.
158	„ Chimanlal Mohanlal ...	„ Chimanlal Mohanlal & Co ...	Patel Building, Javeri Bazar, Bom.
159	„ Balabhai Jamnadas ...	The Gujarat Oil Mill & Mfg. Co. Ltd,	Asarva, Post Railwaypura, Ahmedabad
160	„ Ratan C. Gazdar ...	Messrs. Bomanji C. Gazdar & Co ...	16, Apollo Street, Fort, Bom.
161	„ Maneklal Ujamshi ...	Mr. Maneklal Ujamshi ...	70, Apollo Street, Fort, Bom.
162	„ Hooseinbhoy Hassum ...	„ Hooseinbhoy Hassum ...	168, Samuel Street, Bom.
163	„ Kanchanlal Varajdas ...	Messrs. M. Kanji & Co. ...	Cawasji Patel Street, Fort, Bom.

164 Mr Shantikumar N. Morarjee.	The Sholapoor Spg. & Wg. Co., Ltd.	Sudama House, Wittet Road, Ballard Estate, Bom.
165 „ Lakhmidas G. Dossa ...	Messrs. Goculdas Dossa & Co. ...	22, Apollo Street, Fort, Bom.
166 „ Darasha Hormasji ...	„ Morarji & Hormasji ...	Shaikh Memon Street, 19, Champa Galli, Bom.
167 „ Dorab Bomanji Kapadia...	Mr. Dorab Bomanji Kapadia ...	c/o Mr. N. H. Katrak, Hirji Mansion. Gowalia Tank Road, Bom.
168 „ Motiram Waghji ...	Mr, Motiram Waghji ...	Bhat Bazar, Mandvi, Bom.
169 „ Gustadji Dossabhoy Billimoria.	„ Gustadji Dossabhoy Billimoria...	69, Walkeshwar Road, Bom.
170 „ Chunilal Baldevdas ...	„ Chunilal Baldevdas ...	C/o Gordhandas Mulchand, 2nd Bhoiwada, Bhuleshwar, Bom.
171 „ Ratanchand Hirachand ...	The Tata Construction Co., Ltd. ...	Phoenix Building, Ballard Estate, Bom.
172 „ H. H. Belgaumwalla ...	Mr. H. H. Belgaumwalla ...	Hubli.
173 „ Nowraji H. Belgaumwalla	„ Nowraji H. Belgamwalla ...	C/o The Bombay Samachar Office Custom House Road. Bom.
174 „ Khushal T. Shah ...	Prof. Khushal T. Shah ...	White House, 8, Laburnum Road, Gamdevi, Bom.
175 Mr. Nensey Tejpal ...	Mr. Nensey Tejpal ...	Nana Colaba, Thomas Street, Bom.
176 „ Behram N. Karanjia ...	The Japan & Shanghai Silk Merchants' Association.	Dahanukar Building, Kalbadevi Road, Bom.
177 „ S. J. Pandya ...	The Scindia Steam Navigation Co., Ltd.	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.

No.	Representative.	Member.	Address.
178	Mr. Hooseinbhoy A. Lalljee	Messrs. Abdullabhoy Lalljee & Co.	Samuel Street, Mandvi, Bom.
179	„ Nowroji Ardeshir Narielwala.	„ A. S. Narielwala & Sons ...	Cowasji Patel Street, Fort, Bom.
180	Sir M. Visvesvaraya ...	Sir. M. Visvesvaraya ...	Uplands, High Ground, Bangalore.
181	Mr. M. G. Mehta ...	Messrs. Bakubhai Ambalal & Co....	Mohamed Building, 27, Bastion Road, Fort, Bom.
182	„ P. N. Vevaina ...	„ Nanavati Vevaina & Co. ...	Sudama House, Wittet Road, Ballard Estate, Bom.
183	„ B. J. Modi. ...	The Jupiter General Insurance Co. Ltd.	Ewart House, TamarindLane, Fort, Bom
184	„ B. M. Bhargava ...	The Union Bank of India, Ltd. ...	Apollo Street, Fort, Bom.
185	„ Gulabchand Naginchand	The Pearl Merchants and Jewellers Association.	25-39, Mumbadevi Road, Bom.
186	„ R. N. Baposola	Mr. R. N. Bapasola ...	Forbes Street, Fort, Bom.
187	„ Manmohandas Madhavdas Amersey	Messrs. Amersey & Sons. ...	Sudama House, Wittet Road, Ballard Estate, Bom.
188	„ Lalji Rowjt Khant ...	„ Shoorji Vallabhdas Colour Co.	Samuel Street, Bom.
189	„ Ratansey Karsandss ...	„ Karsandas Ranchhoddas ...	62, Bazar Gate Street, Fort, Bom.

190	Mr. Jehangir P. Katgara ...	Messrs. Jeena & Co. ...	Gresham Building, Esplanade Road, Fort, Bom.
191	„ Dhruva Sumanas ...	Mr. Dhruva Sumanas ...	Murzbanabad, Road, Andheri.
192	„ Nensey Narandas Topan.	Messrs. Narandas Topan ...	Tamba Kanta, Pydhonie, Bom.
193	„ Keshavlal Lallubhai ...	Mr. Keshavlal Lallubhai ...	Khokha Bazar, Bhajipal'a Lane, Bom.
194	„ Morarji Mulraj Khatau...	The Khatau Makanji Spg. & Wg. Co. Ltd.	Laxmi Building, 42, Ballard Road, Bom.
195	„ Cursetji Limji ...	The Bombay Cycle and Motor Agency, Ltd.	16, New Queen's Road, Bom.
196	„ Nassurvanji S. Guzdar ...	Messrs. Nassurvanji S. Guzdar & Co.	Canada Building, Home Street, Fort, Bom.
197	„ Gordhandas Goculdas Morarji.	Mr. Gordhandas Goculdas Morarji,	"Mor Baug" Nayagaum Road, Dadar, Bom.
198	„ Girdhardas Liladhar ...	Messrs. Girdhardas Liladhar & Co.	16, Apollo Street, Fort, Bom.
199	„ B. Das ...	Mr. B. Das.	P. O. Chandni Chowk, Cuttack.
200	„ Maneklal Chunilal ...	Messrs. Chunilal Harilal & Co. ...	4, Green Street, Fort, Bom.
201	„ Chaturbhuj Khiasee ...	„ Chaturbhuj Khiasee & Co, ...	81-83, Chinch Bunder Road, Bom.
202	„ Vishvanath P. Vaidya ...	Mr. Vishvanath P. Vaidya ...	Kirti Building, 37-39, Forbes St. Fort, Bom.
203	„ Behramji N. Gamadia ...	„ Behramji N. Gamadia ...	18, Homji Stroet, Fort, Bom.

No.	Representative.	Member.	Address.
204	Mr. H. M. Chowna ...	Messrs. H. M. Chowna & Co. ...	73 Apollo Street, Fort, Bom,
205	„ S. D. Saklatvala ...	„ Tata Mills Ltd. ...	Bombay House, Bruce Street, Fort, Bom.
206	„ N. B. Saklatvala ...	The Svadeshi Mills Co., Ltd. ...	Bombay House, Bruce Street, Fort, Bom.
207	„ Mafatlal Gagalbhai ...	The Standard Mills, Co., Ltd. ...	29, Rustom Building, Churchgate St. Bom.
208	„ Chamanlal Girdhardas Parekh	The Industrial Bank of Western India, Ltd.	Mirazapur Road, Ahmedabad.
209	„ Dawood Habib ...	Messrs. Khoja Mithabhai Nathoo	Hanuman Building, Tamba Kanta, Bom.
210	„ H. P. Mody ...	Mr. H. P. Mody ...	Cumballa Hill, Bom.
211	„ Ebrahim Gulamhussein Currimbhoy.	„ Ebrahim Gulamhussein Currimbhoy (of Messrs. Currimbhoy Ebrahim & Sons.)	12-14, Outram Road, Fort, Bom
212	„ Shantikumar Narottam Morarjee.	„ Shantikumar Narottam Morarjee	Juhu, via Santa Cruz.
213	„ C. B. Nanavati ...	The Eastern Bunkerers Ltd. ...	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.
214	„ R. M. Marshall ...	Messrs. R. M. Marshall & Co. ...	Edward Building, Lamington Road, Bom
215	„ Shiavax C. Cumbata ...	Messrs. Shiavax C. Cumbata & Co. Ltd.	Cook's Building, Hornby Road, Fort, Bom.

216	Sir Currimbhoy Ebrahim Bart.	Sir Currimbhoy Ebrahim Bart. ...	12-14, Outram Road, Fort, Bom.
217	Mr. Curmali Ibrahim ...	Messrs. Curmali Ibrahim & Co. ...	165-167, Khoja Mohalla, Mandvi, Bom.
218	„ Phirojshaw D. Patel ...	Mr, Phirojshaw D. Patel. ...	Mulji Jetha Market, Govind Chowk, Bom.
219	„ Kallianji Curumsee Damji.	Messrs. L. K. Vussaonji & Co. ...	70, Kurla Road, Andheri.
220	„ Chuni'al B. Mehta ...	The Bombay Bullion Exchange, Ltd.	171, Shroff Bazar, Bom.
221	Sirdar Suleman Cassum Haji Mitha.	Sirdar Suleman Cassum Haji Mitha.	27, Kolsa Mohalla,, Mandvi, Bom.
222	Mr. Mafatlal Gagalbhai ...	Mr. Mafatlal Gagalbhai ...	Rustom Building, Churchgate St, Bom.
223	„ Jugatram S. Vaidya ...	The Zandu Pharmaceutical Works, Ltd.	Elphinstone Road, Bom.
224	„ M C. Ghia ...	Messrs. M. C. Ghia & Co. ...	24, Elphinstone Circle, Fort, Bom.
225	„ Burjor S. J. Aga ...	„ Shapoorji N. Chandabhoy & Co.	"Morarbhai Building," 43, Apollo St. Fort, Bom,
226	Hon. Raja Sir S. R. M. Annamalai Chetty.	Hon. Raja Sir S. R. M. Annamalai Chetty.	"Natana Vilas,"38, P. C. Road, Vepery, Madras.
227	Mr. Nagindas G. Shah ...	Mesars. Sankalchand G. Shah & Co.	Hanuman Building, Tamba Kanta, Bom.
228	„ Meyer Nissim ...	Mr. Meyer Nissim ...	Mankwa Building, Outram Road, Fort, Bom.
229	„ D. D. Writer ...	Dr. D. Writer & Co.	Bhavanishanker Road, Dadar, Bom.

No.	Representative.	Member.	Address.
230	Mr. Popatlal Girdharlal ...	Messrs. Popatlal Girdharlal & Co.	Nanji Building, Elphinstone Circle, Fort, Bom.
231	„ Keshavprasad C. Desai ...	The Industrial & Prudential Assurance Co. Ltd.	Jehangir Wadia Building, Esplanade Road, Bom.
232	„ R. E. Mody ...	Messrs R. E. Mody & Co. ...	Reay Road, Tank Bunder, Bom.
233	„ Jawahirmal Mulchand ...	„ Rai Bahadur Tikamchand ...	299, Kalbadevi Road, Bom.
234	„ Burjorji Pestonji Mehta...	The Bombay Glass Bangle Merchants' Association.	82, Bazar Gate Street, Bom.
235	„ Dhirajlal C. Mody ...	The Gujerati Type Foundry ...	Gaiwadi, Girgaon, Bom.
236	„ Manu Subedar ...	Mr. Manu Subedar ...	Kodak House, Hornby Road, Fort, Bom.
237	„ G. F. Munshi ...	The Gujrat Islam Match Mfg. Co. Ltd.	Kankaria Road, Ahmedabad.
238	„ Kalyanbhai Sarabhai Javeri. ...	Messrs. Sarabhai & Sons ...	76-80, Prince Building, Medows St., Bom.
239	„ Jagjivan Ujamshi Mulji.	The Sugar Merchants' Association...	Khand Bazar, Bom.
240	„ K. M. Shinker ...	The Indian Co-operative Navigation & Trading Co. Ltd.	Keshavji Building, 149 Frere Road, Bom
241	„ C. R. H. Readymoney ...	Messrs. India International Co. ...	Readymoney Mansion, Churchgate St., Bom.

242	Mr. Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee ...	205-207-209, Kalbadevi Road, Bom.
243	„ F. E. Dinshaw ...	„ F. E. Dinshaw ...	C/o Messrs. Payne & Co., Solicitors, Esplanade Road, Fort, Bom.
244	„ Sorab Dalal ...	Messrs. Sorab Dalal Tile Works ...	"Westview," Khanpur Road, Ahmedabad.
245	„ F. J. Bhumgara ...	Mr. F. J. Bhumgara ...	28, Camomile Sireet, London, E. C. 3
246	„ S. Bhattacherjee ...	The Bengal Luxmi Cotton Mills, Ltd	28, Pollock Street, Calcutta.
247	„ Tricumdas D. Morarji ...	The Dharamsi Morarji Chemical Co., Ltd.	Sudama House, Wittet, Road. Ballard Estate, Bom.
248	„ Bhogilal Laherchand Javeri. ...	Messrs. Batliboi & Co. ...	Forbes Street, Fort, Bom.
249	„ Mahomed Akbar A. Fazulbhoy. ...	Bombay Motor Exchange ...	67-69, Queen's Road, Opp. Marine Lines, Station, Bom.
250	„ H. F. Commissariat ...	Mr. H, F. Commissariat ...	Commissariat Building, Hornby Road, Fort, Bom.
251	„ Farroke E. Bharucha ...	„ Farroke E. Bharucha ...	Canada Building, Hornby Road, Bom.
252	Pt. Shiv Kishan Kaul ...	Messrs. Sir Daya Kishan Kaul & Sons.	10, Abbott Road, Lahore.
253	Sir Byramjee Jeejeebhoy ...	Sir Byramjee Jeejeebhoy ...	Alice Building, Hornby Road, Fort, Bom
254	Mr. B. S. Lalkaka ...	The Pioneer Magnesia Works ...	Chartered Bank Building, Esplanade Road, Fort, Bom.
255	„ Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau ...	42, Ballard Road. Fort, Bom.

No.	Representative.	Member.	Address.
256	Mr. Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash ...	24, Carnac Bridge Road, Akbar Press, Bom.
257	„ Govinddas Manekl'al ...	„ Govinddas Maneklal ...	Asarva Road, Ahmedabad.
258	„ Purshottamdas H. Shah ...	Messrs. Bhaidas Karsondas & Co. ...	7/10, Elphinstone Circle, Fort, Bom.
259	„ Bhagwandas Ramchund...	„ Narotamdas Ramchund & Co.	C/o Mackinnou Mackenzie & Co., Ballard Estate, Bom.
260	„ Vrajlal Jivandas ...	„ Laxmidas Vrajlal & Co. ...	100/102, Girgaum, Back Road, Bom.
261	„ J. K. Dubash ...	Mr. J. K. Dubash ...	Dady House, Churchgate Street, Bom.
262	„ Mulji Lukhmidas ...	Messrs. Vussenji Morarji ...	36, Holi Chakla, Fort, Bom.
263	„ Babubhai Manji Sanghvi...	„ R. Ratilal & Co. ...	Teju Kaya Bldg. Old Chinch Bunder Road, Bom. 9.
264	„ Jagmohundas Kaliandas ...	Mr. Jagmohundas Kaliandas ...	"Krishna Kunj" Ridge Road, Bom.
265	„ M S. Captain ...	Messrs. Captain & Vaidya ...	121, Esplanade Road, Fort, Bom.
266	„ Lachmandas Harkhchand Dega.	„ Rai Bahadur Bansilal Abirchand.	558/62, Shaikh Memon Street, Bom.
267	„ Nanji Ludha ...	Messrs. Kurpal Harsey & Co. (The Bombay Rice Merchants' Association.)	New Chinch Bunder Road, Bom.

268 Mr. Soonderdas Thakersey Rajda.	Mr. Soonderdas Thakersey Rajda ...	30, Old Hanuman, Lane, Kalbadevi Road, Bom.
269 „ Chunilal B. Mehta ...	Messrs. Chunilal Mehta & Co. ...	51, Marwari Bazar, Bom.
270 „ Ratilal M. Nanavati ...	„ Kantawalla Nanavati & Co., Ltd.	28, Apollo St., Fort, Bom.
271 „ H. R. Dadabhoy ...	„ Sorabji Shapurji & Co., Ltd	Wadia Building, 118-20 Parsi Bazar St., Bom,
272 „ Jewanlal Motichand ...	„ Jeewanlal (1929) Ltd, ...	Kansara Chawl, Kalbadevi Road, Bom.
273 „ Sultan Chinoy	The Bombay Garage ...	Opp. Band Stand, Chaupatty, Bom.
274 „ Pherozeshah J. Marzban	Messrs. J. B. Marzban & Co. ...	Jam-e-Jamshed Office, Ballard House Mangalore St. Fort, Bom.
275 „ Ahmed N. Futehally ...	„ N. Futehally & Co. ...	19, Bank Btreet, Fort, Bom.
276 „ Ballabhdas Eshwardas Agrawal	Mr. Ballabhdas Eshwardas Agrawal	Khandwa, (C. P.)
277 „ Bhawanji A. Khimji ...	Messrs. Arjan Khimji & Co.	Navsari Chambers, Outram Road, Fort. Bom.
278 Major S. A. Paymaster ...	Major S. A. Paymaster ...	Master Mansion, Chaupatty, Bom.
279 Mr. Mathradas Khimji ...	The Jamnadas Nursey Ginning & Pressing Co, Ltd. ...	Albert Building, Hornby Road, Fort, Bom.
280 „ Karamchand Chunilal ...	Mr. Karamchand Chunilal ...	Sriram Mansion, Sandhurst Road, Bom.
281 Seth Kasturbhai Lalbhai ...	Seth Kasturbhai Lalbhai ...	Pankore's Naka, Ahmedabad.

No.	Representative.	Member.	Address.
282	Mr. Rustom Pestonji Masani	Mr. Rustom Pestonji Masani ...	Varsova, Via Andheri.
283	„ Dwarkadas Chhotalal Vakil	Mr. Dwarkadas Chhotalal Vakil ...	Wakefield House, Ballard Estate, Bom.
284	Rao Bahadur Laxman Vishwanath Pophale ...	Rao Bahadur Laxman Vishwanath Pophale ...	Malegaon, (Nasik District).
285	Mr. Dayaram Surajmal Lahoti	Messrs. Mahaboob Shahi Kulbarga Mills Co., Ltd.	1727, Gunj Bazar, Secunderabad (Dn.)
286	„ Girdharlal H. Lohana ...	Mr. Girdharlal H. Lohana ...	Duncun Road, Bom. 4.
287	„ D. T. Thadhani ...	Messrs. T. S. Thadhani & Sons...	Kazi Syed Street, Bom.
288	„ M. L. Dahanukar ...	Mr. M. L. Dahanukar ...	Shri Krishna Nivas, Kalbadevi Road. Bom.
289	„ K. M. Madon ...	The Tata Iron & Steel Co. Ltd. ...	Bombay House, Bruce Street Fort, Bom
290	„ Karsandas Vissanji ...	Messrs. Vissanji Sons & Co. ...	9, Wallace Street Fort, Bom.
291	„ Nemchand Abhechand ...	„ Nemchand Khimchand Co.	182, Shaikh Memon Street Bom.
292	„ Motilal Bawalal ...	Mr. Motilal Bawalal ...	Dalal Street, Fort, Bom.
293	„ N. N. Dutta ...	Hindusthan Co-operative Insurance Society Ltd.	Commissariat Building, Hornby Road, Fort, Bom.

294	Mr. Hargovandas Jeevandas	Mr Hargovandas Jeevandas ...	Popatwadi, Kalbadevi Road, Bom.
295	„ Preheladji D. Bhatt ...	Messrs Purshotam Mathradas & Co. Ltd.	80, Kazi Syed Street, Bom.
296	„ Ebrahim Curmally ...	Messrs. Curmally Janmahomed ...	60-62, Samuel Street, Bom.
297	„ N. W. Gurjar ...	Messrs. Kirloskar Bros. Ltd. ...	Kirloskarvadi, (Dist. Satara).
298	„ D. S. Kanetkar ...	The Maharashtra Chamber of Commerce.	Phoenix Building, Ballard Estate, Fort, Bom.
299	„ Jayantilal Devidas ...	Mr. Jayantilal Devidas ...	Carnac Bunder, Bom.
300	„ R. Hashmatrai ...	Mesrrs. Dhanamal Chellaram ...	Medows Street, Fort, Bom.
301	Khan Bahadur D.B. Cooper	The Cooper Engineering Works ...	" Huntworth " Satara.
302	Mr. Reginald Herber Parker.	Bombay Telephone Co., Ltd. ...	Home Street, Fort. Bom.
303	„ G. K. Dalal ...	Messrs. Dalal & Mehta ...	41, Medows Street, Fort, Bom.
304	„ Natverlal Bhagvanlal Desai	„ Natverlal & Co. ...	Whiteaway Laidlow Building, Hornby Road, Fort, Bom.
305	„ G. S. Mahomed ...	Mr. G. S, Mahomed ...	149, Samuel Street, Bom. 3
306	„ Tulsidas Khimji ...	„ Tulsidas Khimji ...	46, Churchgate Street, Fort, Bom.
307	„ Jugmohandas J. Kapadia.	„ Jugmohandas J. Kapadia ...	Morarji Gokuldas Chawl No. 5, Sandhurst Road, Bom.

No.	Representative,	Member.	Address.
308	Mr. A. A. Jasdenvala ...	Messrs. Adamji Lookmanji & Co. ...	127, Fort Street, Fort, Bom.
309	„ D. Cowasji ...	„ D. Cowasji & Co. Ltd. ...	20, Fort Street, Fort, Bom.
310	„ H. B. Reporter ...	„ Empress Iron & Brass Works.	Connaught Road, Parel, Bom.
311	„ Fulchand Manekchand Shah.	„ Virchand Panachand & Co.	Gaumukh Bhuvan, Masjid Bunder Road, Bom.
312	„ Khimji Madan Bhujpuria	The Bombay Grain Dealers' Association.	Bhat Bazar, Mandvi. Bom.
313	„ Nagindas Tribhowandas Master.	Mr. Nagindas Tribhowandas Master.	94, Medows Street, Fort, Bom.
314	„ Shivramdas B. Kedia ...	Messrs. Shivramdas Gangaprasad Kedia.	556, Shaikh Memon Street, Bom.
315	„ Ardeshir Rustomji Billimoria.	Madan Theatres, Ltd. ...	Excelsior Theatre, Fort, Bom.
316	Hon. Mr. H. M. Mehta ...	Massrs. H. M. Mehta & Co., Ltd....	Apollo Street. Fort, Bom.
317	Mr. Jagjivan Ujamshi ...	Mr. Jagjivan Ujamshi ...	Aga Khan Building. Dalal Street. Bom.
318	„ Hemchand Mohanlal ...	Messrs. Hemchand Mohanlal & Co.	Dhanji Street, Bom.
319	„ Erachshaw R. Heerjibehedin.	Mr. Erachshaw R. Heerjibehedin...	Kaiser-Chambers, Elphinstone Circle Fort, Bom.

320 Mr. Mangaldas B. Mehta ...	Messrs. Amarchand & Mangaldas ...	36, Tamarind Lane, Fort, Bom.
321 „ N. G. Motwane ...	Eastern Electric & Engineering Co.	175, Hornby Road, Fort, Bom.
322 „ Devji Tokersey Moolji ...	Mr. Devji Tokersey Moolji ...	Bhat Bazar, Mandvi, Bom.
323 „ Khatau Valabhdas ...	Mr. Valabhdas Tejpal ...	219, Vadgadi, Bom.
324 „ Fakirjee Cowasji ...	Messrs. Cowasji & Sons ...	Kimari, Karachi.
325 „ Choonilal Girdharlal ...	„ Choonilal Girdharlal & Co.	Rustom Building, Churchgate St., Fort. Bom.
326 „ Ratilal Mulji Gandhi ...	The Seeds Traders' Association ...	Gaya Building, Musjid Bunder Road Bom.
327 Sir Chunilal V. Mehta ...	Sir Chunilal V. Mehta ...	Canada Building, Home St., Fort, Bom.
328 Mr. Amritlal Popatbhai ...	Messrs. Amritlal Popatbhai & Co	New Stock Exckange Building, Dalal St. Fort, Bom.
329 „ Lalbhai Manilal Lalubhai. Teli	Mr. Lalbhai Manilal Lalubhai Teli.	C/o India Cotton Oil Co., Ahmedabad
330 „ Goolamhusein Ebrahim ...	Messrs. Abdoolally Ebrahim ...	121, Nagdevi Street, Bom.
331 „ Ranchhoddas Jethabhai ...	„ Ranchhoddas Jeyram & Sons	Dongri Street, Bhat Bazar, Bom.
332 „ K. S. Ramchandra Iyer	The Indian Insurance Companies' Association	Jehangir Wadia Building, Esplanade Road, Fort, Bom.
333 „ Hiralal D. Nanavati ...	Mr. Hiralal D. Nanavati.	80, Esplanade Road, Fort, Bom.

No.	Representative.	Member.	Address.
334	Mr. D. H. Vakil ...	Messrs. Vakil & Co. ...	Kaiser-Gunj, Ajmer.
335	„ Morarji Padamsey ...	Mr. Morarji Padamsey ...	Ewart House, Tamarind Lane, Fort, Bom.
336	„ Thakordas Nanabhai Merchant	„ Thakordas Nanabhai Merchant.	Khakhar Building C. P. Tank Road, Bom.
337	„ Gopaldas Poonja ...	Messrs. Khimji Poonja & Co.	9–13 Humum Street, Fort, Bom.
338	Sir Cowasji Jehangir (Jr.)...	Sir Cowasji Jehangir (Jr.) ...	Readymoney Mansion, Churchgate Street, Fort, Bom.
339	Mr. F. D. Dhondy ...	Messrs. Patel & Dhondy ...	Devkaran Mansion, Princess Street, Bom.
340	„ Ramdas K. Hargovan ...	Mr. Ramdas K. Hargovan ...	167–71 Cavel Street, Bom.
341	„ Dwarkadas Sunderdas ...	Messrs. Sunderdas Dwarkadas & Co.	42, Humum Street, Fort, Bom.
342	„ Maneklal B. Patel ...	„ Shri Krishna Film Co.	162, Dadar Road, Dadar, Bom.
343	„ Amritlal D. Sheth ...	„ Saurashtra Ltd.	Ranpur (Kathiawar).
344	„ Maneklal Premchand ...	Mr. Maneklal Premchand ...	63, Apollo Street, Fort, Bom.
345	„ Dhansukhlal C. Mehta ...	Messrs. Mehta Vakil & Co. ...	Wadia Building, Dalal St., Fort, Bom.

346 Mr. Abdultyeb E. Muskati...	Mr. Abdultyeb E. Muskati ...	186-88, Nagdevi Street, Bom.
347 „ Venkatnarayan Patruni ...	„ Venkatnarayan Patruni ...	Dahanukar Building, Kalbadevi Road, Bom.
348 „ Dostmahomed Munji ...	Messrs. Munji Nathoobhoy & Co. ...	12-13, Dougall Road, Ballard Estate, Fort, Bom
349 „ Rustomji Dorabji ...	„ Wellington & Co. ...	Navsari Bldg., Hornby Road, Fort, Bom.
350 „ K. J. Divecha ...	„ Wright & Co, ...	Mint & Frere Road, Fort, Bom.
351 „ Lalji Ravji ...	„ Ravji Nensee & Co. ...	Ganpat Nappoo Building, New Chinch Bunder Road. Bom.
352 „ Shivjee Devjee ...	„ Devjee Khetsey & Co. ...	New Chinch Bunder Road, Bom.
353 „ Naranlal Jivanlal ...	The Ahmedabad New Standard Mills Co., Ltd.	Post Railwaypura, Ahmedabad.
354 „ Maturadas Kanji Mattani.	The Bombay Rice Merchants' Association.	Carnac Bunder, Bom.
355 „ Shah Parshottam Shamji.	Mr. Shah Shamji Vallabhji ...	Mulji Jetha Market, Dharamraj Galli, Bom.
356 „ J. A. D. Naoroji ...	The Tata Oil Mills Co., Ltd. ...	Bombay House, Bruce Street, Fort, Bom.
357 „ Morarji Narottam ...	The Pralhad Mills Ltd. ...	Gresham Building, Esplanade Road, Fort, Bom.
358 „ Phiroze C. Cooper ...	Messrs. Boyce & Co. ...	20, Fort Street, Fort, Bom.
359 „ Hargovindas B. Kotak ...	Messrs. Kotak & Co. ...	Navsari Building, Hornby Road, Fort, Bom

No.	Representative.	Member.	Address.
360	Mr. Vanmalidas H. Pandya.	The Bombay Iron Merchants' Association.	Carnac Bunder, Bom.
361	„ J. D. Kothawala ...	Messrs. Polson Mfg. Co. ...	217-219, Frere Road, Fort, Bom.
362	„ Haji Oosman Poonawala.	„ Haji Oosman & Co. ...	"Noor House". 9,Club Back Road, Bom.
363	„ Maneksha N. Pochkhanawalla ...	„ Wacha, Ghandy & Co. ...	123, Esplanade Road, Fort, Bom.
364	„ Bhogilal C. Shah ...	The Chamber of Incometax Consultants.	15, Jiji House, Ravelin Street Fort, Bom.
365	„ Jamnadas M. Mehta ...	The Indian National Steamship Owners' Association.	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.
366	„ Dharamdas Samaldas Purbhoodas.	Mr. Dharamdas Samaldas Purbhoodas.	19, Mody Street, Fort, Bom.
367	„ Shamjee Premjee ...	Messrs. Ranchordas Purshotam & Co.	106, Khand Bazar Bom.
368	„ Nandlal M. Bhuta ...	„ M. Bhuta & Co.	88, Musjid Bnnber Road,Mandvi, Bom.
369	„ Nadirshaw Kawasjee ...	„ Nadirshaw Printer & Co. ...	121, Esplanade Road, Fort, Bom.
370	„ D. H. Bhiwandiwalla ...	„ Hormusji Manekji, Dossabhoy Hormusji Bhiwandiwalla & Co. ...	583, Chira Bazar, Bom.

371	Mr. Phirozesha B. Petit ...	Messrs. Phirozesha B. Petit & Co.	'Chateu Petit" Warden Road, Bom.
372	„ Jehangir B. Manekji ...	The General Engineering Corporation, Ltd ...	Sardar Mansion, Apollo Street Fort, Bom.
373	„ C. G. Fozdar ...	The Asian Assurance Co., Ltd ...	Asian Building, Ballard Estate, Fort Bom.
374	„ Ratilal Nathalal ...	Mr. Ratilal Nathalal ...	C/o Commercial Mills Co. Ltd. Ahmedabad.
375	„ Sakarlal Balabhai ...	The Sarangpur CottonMfg., Co. Ltd.	Ahmedabad.
376	„ Motilal H. Parikh ...	Messrs. Lallubhai Amichand ...	554, Kansara Chawl, Bom.
377	„ N. M. Sampat ...	„ S. Mitra & Co. ...	210, Kelewadi, Girgaum Road, Bom.
378	„ Byramjee Hormusjee ...	„ Zenith Life Assurance Co., Ltd. ...	Apollo Street, Fort, Bom.
379	„ Narayan Anant Desai ...	„ Anant Shivaji Desai ...	Moti Bazar, Bom.
380	„ P. D. Churi ...	National Insurance Co., Ltd. ...	Alice Building, Hornby Road, Fort, Bom,
381	„ Dewji Dayal Thacker ...	Mr Dewji Dayal Thacker	Jharia (Manbhum).
382	„ D. P. Tata ...	The Bombay Kariana Merchants' Association. ...	222-4, Vadgadi, Mandvi, Bom.
383	„ Rashid N. Futehally ...	The Indian Match Manufacturers, Association.	39, Pydhowni Road, Khadak Mandvi, Bom.
384	„ Vithaldas Kanji ...	The Wallace Flour Mills, Co., Ltd.	9, Wallace Street, Fort, Bom.
385	„ Dharamdas Vithaldas ...	Mr. Dharamdas Vithaldas ...	Tamba Kanta, Bombay.

No.	Representative.	Member.	Address.
386	Mr. Sitaldas Tirathdas ...	Messrs. Sitaldas Tirathdas ...	64, Multani's Wadi Walkeshwar, Road, Bombay.
387	„ Ishvarlal S. Patel ...	„ The New Laxmi Oil & Chemical Works, Ltd.	Derol, (Panchmahal).
388	„ Hassanally Shermahomed.	Mr. Hassanally Shermahomed ...	39, Pydhonie Road, Khadak, Bombay,
389	„ Dharamdas Hargovandas..	„ Dharamadas Hargovandas ...	Popatwadi, Kalbadevi Road, Bombay.
390	„ Bhogilal Hargovindas Patel	Messrs. Das & Co. ...	14, Tamarind Lane, Fort, Bombay.
391	„ Rahim Ebrahim ...	„ Ebrahim Currim & Sons ...	Rahim Building, Princess Street, Bombay.
392	Dr. Kalimudin ...	The Bombay Soap Factory ...	Ripon Road Cross Lane, Jacob Circle, Bombay.
393	Mr. W. H. Whittington ...	The Bank of India, Ltd. ...	Fort, Bombay.
394	„ Nandvadan Jhaverilal Gor.	Mr. Nandvadan Jhaverilal Gor. ...	York Building, Hornby Road, Fort, Bombay.
395	„ S. B. Dalal ...	Messrs. Birla Bros., Ltd. ...	Jehangir Wadia Building Esplanade Road, Fort, Bombay.
396	„ J. M. Cordeiro ...	The Bombay Mutual Life Assurance Society, Ltd.	278, Hornby Road, Fort, Bombay.
397	„ C. N. Moberley ...	The Bombay Electric Supply & Tramways Co., Ltd.	Electric House Fort, Bombay,

398	Mr. Purshotamdas Popatlal...	Messrs. Purshotamdas Popatlal & Co.	37, Hamam Street, Fort, Bombay.
399	„ Vasonmal Kishenchand...	„ J. B. Advani & Co., Ltd. ...	27, Mangaldas Road, Bombay.
400	„ H. Edwin-Jones ...	The Oriental Government Security Life Assurance Co., Ltd.	Oriental Buildings, Hornby Road, Fort, Bom.
401	„ M. N. Kuka ...	The Central India Spg. Wg,, & Mfg. Co., Ltd.	Bombay House, Bruce Street, Fort, Bombay.
402	„ J. H. Bhabha ...	The Andhra Valley Power Supply Co., Ltd.	Do.
403	„ J. H. Bhabha ...	The Tata Power Co., Ltd. ...	Do.
404	„ V. C. Setalvad ...	Mr. V. C. Setalvad ...	C/o The Industrial & Prudential Assurance Co., Ltd., Jehangir Wadia Building, Esplanade Road, Fort, Bombay
405	„ Chiranjilal Loyalka ...	Messrs R. B. Loyalka ...	Share Bazar, Fort, Bombay.
406	„ Ebrahim Dawood Kazi ...	Mr. Ebrahim Dawood Kazi ...	Pine Mansion, Mazgoan, Bom.
407	„ Dorab R. Davar ...	Messrs. Cornelius & Davar ...	80, Esplanade Road, Fort, Bom.
408	„ Chimanlal Manchubhai ...	Mr. Chimanlal Manchubhai ...	183, Cadell Road, Mahim, Bombay.
409	„ Amritlal Hargovandas ...	„ Hargovandas Lakhmichand ...	Manek Chowk, Ahmedabad.
410	„ Thakorlal Hiralal Vakil...	The Bombay Coal Merchants' Association.	4, Green Street, Fort. Bombay.

No.	Representative.	Member.	Address.
411	Mr. Geo Brown ...	The British India General Insurance Co., Ltd.	35-43, Churchgate Street, Fort, Bombay.
412	„ Hassanali M. Khairaz ...	Messrs. Ebram Peermahomed & Co.	142, Chuckla Street, Bom.
413	„ Harivallabhdas Kalidas...	„ Shri Ambica Mills, Ltd. ...	Post Railwaypura, Ahmedabad.
414	„ Narotam Vithal Purshotam.	„ Vithal Purshotam & Son. ...	Sandhurst Road, Bom.
415	„ C. E. Randle ...	The Bank of Baroda, Ltd. ...	Apollo Street, Fort, Bom.
416	„ Mangaldas B Mehta ...	Swadeshi Market Commitiee ...	Kalbadevi Road, Bom.
417	„ Gunvantlal Varajdas Kapadia	Mr. Gunvantlal Varajdas Kapadia.	C/o Dikshit Maneklal & Co., Solicitors, 23, Medows Street, Fort, Bom.
418	„ B. S, Turkhad ...	The Prabhat Insurance Co., Ltd. ...	Yusuf Building, Fort, Bom.
419	„ Abdoola Hoosein Calcuttawala	Messrs. Velji Kalidas & Co. ...	Khoja Mohalla, Bom.
420	„ Bandali Ismail Muraj ...	„ Bandali Ismail & Co. ...	21-23, Israil Mohalla,Geru Galli, Bom.
421	„ Gulamhusein Abdulla ...	Mr. G. Abdulla ...	6, Dontad Cross Lane, Khadak, Bom.
422	„ Jagjiwandas Dosabhai ...	Messrs. Jagjiwandas Dosabhai & Co.	1. Shaikh Memon Steet, Moti Raghunath Building, Bom.

423	Mr. Durlabji Shah ...	Messrs. Mithabhoy & Co. ...	Lalsingh Building, Shaikh Memon Street, Bom.
424	„ Gulamally Samsudin ...	Messrs. M. Gulamally Abdulhusein & Co.	Tamba Kanta, Bombay, 3.
425	„ Fulchand Maganlal ...	The Ahmedabad Jupiter Spg. Wvg. & Mfg. Co., Ltd.	Dudheshwar Road, Ahmedabad.
426	„ H. S. Captain	The C. P. Cement Co., Ltd.	Yusuf Building, Esplanade Road, Fort, Bom.
427	„ Hormusji Ardeshir Banker	Mr. Hormusji Ardeshir Banker ...	National City Bank of New York, Shaikh Memon Street. Bombay, 2.
428	„ C. W. Fowler ...	The Cement Marketing Co. of India, Ltd.	Forbes Building, Home St., Fort, Bom.
429	„ Shivlal N. Maniar ...	Shri Mahajan Association Ltd. ...	Patwa Chawl, Shaikh Memon Street, Bom.
430	„ Jaysinglal P. Mehta ...	Mr. Jaysinglal P. Mehta ...	C/o The Bombay Steam Navigation Co., Ltd., 100, Frere Road, Bom.
431	„ Anandji Haridas ...	Messrs. Anandji Haridas & Co., Ltd.	Argyle Road, Carnac Bunder, Bom.
432	„ Chamanlal Popatlal Mehta ...	Messrs. C. Mehta & Co. ...	76-78, Nagdevi Street, Bom.
433	„ Thakordas P. Shah ...	„ Thakordas & Co. ...	65, Esplanade Road, Bom.
434	„ Rustom K. R. Cama ...	Mr. Kustom K. R. Cama ...	Yusuf Building, Esplanade Road, Fort, Bom.
435	„ Narandas Ranchhordas Cantol ...	„ Narandas Ranchhordas Cantol,	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bom.
436	„ Damodar M. Gandhi ...	Messss. Gandhi & Co. ...	94, Medows Street, Fort, Bom.

No.	Representative.	Member.	Address.
437	Mr. Mahomedbhoy I. M. Rowji	Mr. Mahomedbhoy I. M. Rowjee ...	187, Samuel Street, Bom.
438	,, Jayantilal Girdharlal Shah	,, Jayantilal Girdharlal Shah ...	Khadia, Raghasutaria Pole, Ahmedabad.
439	,, Madhukar Gulabshanker Bakshi ...	,, Madhukar Gulabshanker Bakshi.	C/o Sir Chinubhoy Madhavlal, Gandhi. Road, Ahmedabad.
440	,, Krishnaprasad C. Desai...	The Hukamchand Insurance Co., Ltd.	Jehangir Wadia Bldg., EsplanadeRoad, Fort, Bom.
441	,, Mahomedjaffer S. Dharamsi	Mr. Mahomedjaffer S. Dharamsi ...	Shale Building, Bank Street, Fort, Bom.
442	,, Mathuradas Dwarkadas ...	,, Mathuradas Dwarkadas ...	Ewart House, Tamarind Lane, Fort, Bom.
443	,, Ratansey Damji ...	The Gum Merchants' Association ...	179, Khoja Mohalla, Bom.
444	,, Ramchand R. Shivdasani..	Messrs. Ramchand Banarsidas ...	144, Kalbadevi Road, Bom.
445	,, Madhavsinh Kanji ...	The Acme Mfg. Co., Ltd. ...	9, Wallace Street, Fort, Bom.
446	,, H. D. Mistri ...	The New Era Motors, Ltd. ...	532, Sandhurst Bridge, Bom.
447	,, Mathuradas Vissanji ...	Messrs. Vissanji Khimji & Co. ...	9, Wallace Street, Fort, Bom.
448	,, Ishwarlal K. Desai ...	,, Bhaishanker Kanga & Girdharlal.	Albert Bldg., Hornby Road, Fort, Bom.

449	Mr. G. C. Kothari ...	Messrs. Chimanlal Desai & Co. ...	Alice Building, Hornby Road, Fort, Bom
450	„ Purshotam Meghji ...	„ Purshotam Bhanji & Co. ...	Old Bardan Gully, Isaji Street, Bom.
451	„ Hariram Jethabhai ...	Mr. Hariram Jethabhai ...	16, Jetha Babu House, Chinchbunder Road, Bom.
452	„ Virchand Meghji ...	„ Virchand Meghji ...	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bom.
453	„ Gordhandas T. Mangaldas	„ Gordhandas T. Mangaldas ...	Sir Mangaldas' House, Lamington Road, Bom.
454	„ Nagindas D. Goradia ...	Messrs Nagindas Lovji & Co. ...	2, Sutar Chawl, Bom.
455	„ Dwarkadas Joogalkishor...	Mr. Joogalkishor Narandas ...	307-9, Kalbadevi Road, Bom.
456	„ Hasanally Abdulkarim ...	Mr. Abdul Karim Cassum Khatau...	Above Islam Club, Chowpatty, Bom.
457	„ R. C. Shroff ...	„ Vithaldas Choonilal Jariwalla ...	104-6, Bhuleshwar, Bom.
458	„ Jethalal Dharsey ...	Messrs. Jethalal & Co. ...	59, Marwari Bazar, Bom.
459	„ Mahasukhrai G. Bhatt ...	„ Kora & Bhatt ...	22, Apollo Street, Fort, Bom.
460	„ Chunilal Dahyabhai ...	„ Chunilal Dahyabhai & Co, ...	Princess Street, Bom.
461	„ Bhaidas Nanalal	Mr. Bhaidas Nanalal ...	Bible House, Hornby Road, Fort, Bom.
462	„ Rustomjee Hormasjee Rao,	„ Rustomjee Hormasjee Rao ...	9, Wallace Street, Fort, Bom.

No.	Representative.	Member.	Address.
463	Mr. Shariff Hasham ...	The Eastern Steam Navigation Co., Ltd.	24, Mangalore Street, Fort, Bom.
464	„ Umakant Shrirang Desai	Mr. Umakant Shrirang Desai ...	Aga Khan Building, Dalal Street, Fort, Bom.
465	„ Chandrakant Mulshanker Trivedi	„ Chandrakant Mulshankar Trivedi.	Diamond House, Vatchagandy Road, Bom.
466	„ G. M. Bhuta ...	Messrs. Master Sathe & Bhuta ...	41, Hamam Street, Fort, Bom.
467	„ Maneklal Pranjivandas ...	The Gold Filled Leather Works ...	Bhangwadi Kalbadevi Road, Bom.
468	„ G. I. Patel ...	Messrs. Gordhandas Desai & Co. ...	204, Hornby Road, Fort, Bom.
469	„ N. B. Bhagat. ...	„ Bhagat & Sons ...	Love Lane, Mazagaon, Bom.
470	„ Vijaysinh Govindji ...	The Indian Globe Insurance Co., Ltd.	28, Apollo Street, Fort, Bom.
471	„ Kishan Prasad ...	Messrs. Kishan Prasad & Co., Ltd.	265, Kalbadevi Road, Bom.
472	„ Shaikh Abdulla S. Ahmed	„ Mohamed Valli Patel ...	148, Khand Bazar, Bom.
473	„ Pallanji Pestonji ...	„ Muncherji Vadilal & Co. ...	Cotton Depot, Mazagaon, Bom.
474	„ Shavakshaw Fakirji Dhalla	„ Fakirji Rustomji & Sons ...	Carnac Bridge Goods Station, Bom.

475	Mr. Pratapray Manmohandas.	Messrs. Pratapray Amritlal & Co. ...	Ranchhoddas Tribhovandas Bldg. Marwari Bazar, Bom.
476	,, Ramlal Manektala ...	,, Shankerdas Ruplal ...	127–29, Shaikh Memon Street, Bom.
477	,, Desraj Manektala ...	,, Dhanpatmal Jawala Das ...	Hanuman Building, Pydhonie, Bom.
478	,, Karsandas Kanji ...	Mr. Karsandas Kanji ...	133, Kazi Syed Street, Bom.
479	,, Mathradas Haridas ...	,, Damodar Anandji ...	66, Karwar Street, Fort, Bom.
480	,, Hasham Premji ...	Messrs. Hasham Premji ...	Rice Godown, Carnac Bunder, Bom.
481	,, Mohamed Umar Chandbhoy	Mr. Mohamed Umar Chandbhoy ...	150, Nagdevi Street, Bom.
482	,, Kaikhusru A. Dubash ...	Messrs. Ardeshir B. Cursetjee & Sons.	6, Rampart Row, Fort. Bombay.
483	,, Madhavji Hariram ...	Mr. Manilal Mulji Rangwalla ...	Vadgadi, Samuel Street, Bom.
484	,, Shiavax C. Cambata ...	The Hirdagarh Collieries, Ltd. ...	Cook's Building, 324, Hornby Road, Fort, Bom.
485	,, Laxmidas Bhawanidas Vora ...	Mr. Laxmidas Bhawanidas Vora ...	65, Old Hanuman Lane, Bom.
486	,, Nathubhai N. Dandh ...	Messrs. Shamji Karamsi & Co. ...	27, Chinchbunder Road, Bom.
487	,, Thakersey Hirji Nensey...	,, Hirji Nensey & Co. ...	Elphinstone Circle, Fort, Bom,
488	,, B. D. Sardesai ...	The Hindustan Construction Co., Ltd.	Phoenix Bldg. Ballard Estate, Fort, Bom.

No.	Representative.	Member.	Address.
489	Mr. K. H. Goregaokar ...	Mr. K. H. Goregaokar ...	41, Bruce, Street, Fort, Bom.
490	„ Ratanchand Khimchand Motishaw	Messrs. R. K. Motishaw & Co. ...	9-13 Hamam Street, Fort, Bom.
491	„ T. G. Patel ...	The Indian Hume Pipe Co., Ltd. ...	Sholapur.
492	„ Lalchand Hirachand ...	Mr. Lalchand Hirachand ...	Post Ravalgaon, Dt. Nasik.
493	„ Thakorlal H. Vakil ...	Messrs. Vakil Brothers ...	43, Apollo Street, Fort, Bom.
494	„ R. G. Saraiya ...	The Broach City Press, Co., Ltd ...	Navsari Chambers, Outram Road, Fort Bom
495	„ Mahomed Suleman Mitha	Messrs. Mahomed Suleman & Co. ...	27, Kolsa Mohalla, Pydhonie, Bom.
496	„ Abba Haji Mahomed ...	Mr. Abba Haji Mahomed ...	Corner Napeansea Road, Malabar Hill, Bom.
497	„ Mahomedali Salehmahomed Maniar ...	„ Mahomedali Salehmahomed Maniar	New Kazi Moholla, Bombay, 9,
498	„ Mohamed M. Killedar ...	Messrs. Moosa Haji Mohamed Killedar & Bros.	Killedar Srreet, Jacob Circle, Bom.
499	„ V. V. Pandit ...	„ Pandit Bros. ...	Laxmi Bhuvan, Sandhurst Road, Bom.
500	„ Narottam Keshavlal Shah	Mr. Narottam Keshavlal Shah ...	C/o Messrs. Savailal Maneklal, 4th Lane Mangaldas Market, Bom

Rules and Regulations of the Indian Merchants' Chamber
(As amended upto January 1933.)

Name.

1. The Association shall be styled, "The Indian Merchants' Chamber."

Office.

2. The office of the Chamber will be situate in Bombay.

Objects.

3. The objects for which the Chamber is established are :—

(*a*) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(*b*) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(*c*) To promote the objects of the Indian business community in matters of inland and foreign trade shipping and transport, industry and manufacture, banking and insurance.

(*d*) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representations to Local, Central or Imperial authorities, Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above objects.

(*j*) To secure the interests and well-being of the Indian business communities abroad.

(*k*) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(ii) To nominate delegates and advisers, etc. to represent the employers of India at the Annual International Labour Conferences of the League of Nations.

(iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Labour Conferences.

(*l*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members :—

Members. (1) Ordinary (2) Patrons and (3) Honorary.

(1) There will be three classes of Ordinary members :—

(*a*)—Residents of Bombay and its suburbs who will have to pay Rs. 75 as annual subscription; but Joint-Stock Companies will have to pay Rs. 100 per year.

(*b*)—Mofussil members who will have to pay Rs. 25 as annual subscription.

(*c*)—Associations which will have to pay Rs. 125 as annual subscription.

Admission Fee. All the ordinary members and patrons will have to pay Rs. 100 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the general body.

(2) *Patrons :* Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue

account but the interest whereof shall be taken to revenue account.

(3) *Honorary Members*: Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of members.

6. (*a*) The applicant, whether an individual or a firm or an association, shall sign the admission form giving details of one's business and send it to the Secretary with signatures of the proposer and the seconder, who must be members of the Chamber. This application shall be submitted to the committee who will fix the dates for the election by ballot, and appoint a scrutineer. At least seven days' notice shall be given to all the members, stating dates for voting and the names of candidates with their proposers and seconders. Votes shall be received during the said seven days from 11 a. m. to 4 p. m. (B. T.)

(*b*) On the seventh day the ballot-box shall be opened at 4 p. m. (B. T.) by a scrutineer and the Secretary who will jointly declare the result of the voting.

(*c*) At least one tenth of the members of the Chamber must register their votes to make the ballot valid.

(*d*) In all voting for election to membership the presence in the ballot-box of black balls in the proportion of one in six shall exclude.

Twelve negative votes shall be deemed to exclude.

Resignation.

7. A member wishing to resign shall give written notice to the Secretary not less than one calendar month before the completion of his annual period; otherwise he will be liable for the subscription for the next year.

Disqualification of members.

8. A member shall be deemed to be disqualified if:—

(*a*) he becomes an insolvent.

(*b*) he fails to discharge his subscription for a period extending over twelve months.

Privileges of members.

9. A member of the Chamber shall be entitled:—

(*a*) To obtain gratis publications of the Chamber.

(*b*) To the free use of the Chamber's library.

(*c*) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.

(*d*) To be elected as an office-bearer of the Chamber.

Meetings of members.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution), to transact the following business:—

(*a*) To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber.

(*b*) To record the declaration of the result of election of office bearers for the ensuing year.

(*c*) To elect an auditor for the ensuing year.

(*d*) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the general body of members by post or otherwise two days before the date of the meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General Meeting three other ordinary meetings when a resume of the work done during the previous quarter will be supplied to members.

A Special General Meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least 10 members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the Secretary has

given notice either by post or otherwise to the General body of members two days before the date of the meeting.

Quorum.

11. 15 Members shall be deemed a quorum for a General Meeting whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned meeting.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take Chair.

Voting at meeting.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting, provided that firm or association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman, and 23 members.

Vacancy on the Committee.

16. The Committee shall fill up any vacancy of an ordinary member thereof occurring during the year.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

Vacancy in the office of the Chairman or the Vice-Chairman.

17. Any vacancy during the year in the Office of the Chairman or the Vice-Chairman created by resignation or by his going out of India for more than one month shall be filled up by election in accordance with Rule No. 26.

If the Vice-Chairman goes on leave in India for more than one month, the Committee shall appoint a substitute during his absence from among its own members.

Retirement of the Committee.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Rules of the Committee.

19. The Committee shall frame its own rules for the purpose of regulating its proceedings which may be amended or altered or revised as it may deem expedient.

Secretary.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Account of the Chamber.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regu-

larly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

Meeting of the Committee.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Minute Book.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

Sub-Committees.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committee of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-committee whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expendient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the register of members of the Chamber names of gentlemen who may be representing, for the time being, any members of the Chamber whether associations, firms or individuals. These names will also be given in the list of members submitted to members for the election of office bearers and representatives of the Legislative Council and such other public bodies. The elected gentlemen will be considered to be personally elected as representing particular members and on their place falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Register of members.

Any member of a firm, or its representative, being on that account a member of the Chamber, on his severing the partnership or connection with the firm, will no longer be a member of the Chamber.

This rule will not affect Rule No. 14.

This register shall contain details regarding business of all members and shall also record the classified lists of members according to different trades.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship, and membership of the Committee duly proposed and seconded and approved by the nominee shall be sent to the Secretary. The Secretary shall prepare and publish a list of nominations received by him together with the names of their proposers and seconders. This list shall be called the voting paper. Voting papers shall be sent to the members of the Chamber seven clear days

Election of Committee.

before the date fixed for the election. The President and the Vice-President shall be elected from among the nominations received for Presidentship and Vice-Presidentship respectively and 23 Members of the Committee shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship will be *ipso facto* recorded for his election as a member of the Committee. President and Vice-President shall be ex-officio members of the Committee.

The voting shall be by means of voting papers received in the ballot-box on days fixed by the Committee marked with crosses against the names of members whom they wish to propose as office-bearers.

The voting by ballot will be carried on in the following manner:—Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who will open it placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box.

The retiring Committee shall appoint two scrutineers who must be members of the Chamber, who with the Secretary will open the ballot-box on the day following the ballot days and declare the result. Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them, the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the

holding of the next Ordinary Annual General Meeting. A member or members of the Chamber representing it in the Bombay Legislative Council, the Bombay Port Trust or the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio Members shall not however be precluded from contesting the general election.

(*a*) The new Committee shall co-opt, out of the General Body of Members, 40 (Forty) per cent. of the Association members.

Note.—For the purpose of calculation under this Rule fractions will be ignored.

(*b*) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at its first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of votes.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence

beyond one month shall subject such visitors to the rules for the admission of members.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of the Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee.

All cheques shall be countersigned by the Secretary.

Expulsion of members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifths of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least 7 clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

Rules of the Court of Arbitration of the Chamber.

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme :—

1. There shall be a court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than 60 person who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but so that two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. Thus having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on a paper, put in an envelope sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything in the matter to come to a right decision of the case.

12. Whithin one month from the filling of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decision may by writing extend the time to make their award but in no case it will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

Rules prepared by the Committee of the Court for carrying on the work of the Arbitration Court.

The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the from (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of one anna.

4. The submission paper shall state :

(*a*) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the Law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuses to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witnesses if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of the envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission the Arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE.

(1) Fee to be tendered with the reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case

the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber.

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923.)

1. The Electoral Roll of the Chamber shall be prepared by the Secretary and circulated among the members of the Chamber at least 12 clear days before the date of the election giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade-sections as he may select, *viz.*, (1) Cotton (2) Piecegoods (3) Grain and Seeds (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any against the allocation of a member to a particular trade will be examined by a Sub-committee consisting of two members appointed by the Committee and the Secretary, (whose decision shall be final) on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of such a roll which shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be the following allocation of seats to different trade interests :—

Trade.	Seats.
Cotton	1
Piecegoods	1
Grain and Seeds	1
General	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Cham-

ber, three clear days before the date fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two scrutineers for the scrutiny of the voting papers at least 7 clear days before the date of the election.

8. On the day of the election, the ballot box will remain open from 10 a. m. to 6 p. m. (S. T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 p. m. (S. T.), on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, where there is more than one Trustees to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his

withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

13. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929.)

Rules for the Election by the Chamber of a Representative on the Bombay Municipal Corporation.

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November 1922.)

(1) Candidates for the election as a Corporator of the Bombay Municipality, as well as voter, therefor, should be members of the Chamber or representatives deputed by member-firms or member associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

(2) Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

(3) The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

(4) The Secretary of the Chamber shall circulate the names of candidates at least seven clear days before the date fixed for election.

(5) The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 a. m. to 6 p. m. (S. T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signature of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 p. m. (S. T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purposes of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

(6) The candidate who gets the highest number of votes, shall be declared duly elected.

(7) In the event of two or more candidates getting an equal number of votes, the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

(8) In the case of there being only one candidate, he shall be declared to be duly elected.

(9) In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

*(10) If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the day of Election.

*(11) In case of difference of opinion of a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election by the Chamber of a Representative on the Improvement Committee.

(Adopted at the Special General Meeting of the Chamber held on 27th March 1926).

1. Candidates for the election as a member of the Bombay Improvement Committee, as well as voters therefor, should be members of the Chamber or representatives deputed by member-firms or member associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

Changes, if any, in names of representatives should be reported to the Secretary at least one week before the date of the election.

2. Those members who wish to become candidates in conformity with Rule 1 above should send their names to the office of the Chamber five clear days before the date fixed for the election together with the names of proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

4. The Secretary of the Chamber shall circulate the names of candidates at least three clear days before the date fixed for the election.

5. The Committee shall fix a day (notice whereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 a. m. to 6 p. m. (S. T.) Voting papers will be provided to the members in the office of the Chamber after getting their signatures on the counterfoil. These voting papers will be duly filled in by the members in the ballot-box room and placed in the ballot-box. The ballot-box will remain in charge of the Secretary or other officers of the Chamber appointed by him. At 6 p. m. (S. T.) on the date of the election, the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of that election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purpose of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes shall be declared duly elected.

7. In case any two or more candidates shall obtain an equal number of votes, the Chairman or, in his absence, the Vice-Chairman shall have a casting vote.

8. In the case of there being only one candidate, he shall be declared to be duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute the election for such period of vacancy shall be made by the Committee by ballot.

10. *If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

11. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the

Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929.)

Rules for the Election of a Representative of the Indian Merchants' Chamber to the Senate of the Bombay University under Act IV of 1928.

(Adopted at the Extraordinary General Meeting of the Chamber held on 12th February 1929.)

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office of the Chamber on payment of Rupee One each. If any changes are required to be made in the name of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send his name to the office of the Chamber ten days before the date fixed for election together with the names of a proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in confirmity with these Rules shall be deemed invalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least 5 days before the date fixed for election.

5. If there is not more than one candidate for election, the candidate duly nominated shall be declared to be duly elected. If however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 a. m. (S. T.) to 6 p. m. (S. T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 p. m. (S. T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the Secretary, forthwith declare the result. No Duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear

days before such a fresh election, the remaining candidate will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

10. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929.)

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER.

1907—13 The Hon. Sir Manmohandas Ramji.
1913—14 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1914—15 Sir Fazulbhoy Currimbhoy, C.B.E.
1915—16 The Hon. Sir Dinshaw Edulji Wacha.
1916—17 Sir Lallubhai Samaldas, C.I.E.
1917—18 Late Sir Vithaldas D. Thakersey.
1918—19 Sir Chunilal V. Mehta, K.C.S.I.
1919—20 Mr. Jehangir Bomanji Petit.
1920—21 Mr. Lalji Naranji.
1922 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1923 Sir Fazulbhoy Currimbhoy, C.B.E. (From 24-2-23 to 3-9-23)
Mr. Devidas Madhowji Thakersey (From 4-9-23 to 25-1-24)
1924 The Hon. Sir Manmohandas Ramji.
1925 The Hon. Sir Phiroze C. Sethna, O.B.E.
1926 Mr. Lalji Naranji.
1927 Mr. Walchand Hirachand.

1928 Sir Shapurji B. Billimoria, Kt., M.B.E., from 31-1-28 to 20-3-28
Mr. H. P. Mody from 30-3-28 to 17-7-28 and
Mr. L. R. Tairsee from 28-7-28.
1929 Mr. L. R. Tairsee.
1930 Mr. Hooseinbhoy A. Lalljee.
1931 Sir Chunilal V. Mehta, K.C.S.I.
1932 Mr. B. N. Karanjia till November.
Mr. Mathuradas C. Matani November to January.
Secretary :—Mr. J. K. Mehta, M. A.
Assistant Secretary :- -Mr. A. C. Ramalingam.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES.

Representatives on the Board of Trustees of the Port Trust.

1. Sir Purshotamdas Thakurdas, C.I.E., M.B.E., (Cotton.)
2. Mr. Gordhandas N. Morarjee. (Piecegoods.)
3. Mr. Ratilal Gandhi (Grain and Seeds.)
4. Mr. A. D. Shroff (General.)
5. Mr. Laxmidas R. Tairsee (General.)

Representative on the Bombay Municipal Corporation.

Raja Bahadur Govindlal Shivlal.

Representative on the Improvement Committee.

Mr. E. R. Hirjibehedin.

Representative on the Advisory Committee of the Bombay Development Department.

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee.

Mr. Chunilal B. Mehta.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay.

Mr. Kapilram H. Vakil.

Representatives on the Local Advisory Committee of Railways.

G. I. P. Railway :—

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. R. P. Masani.

Representatives on the Panel of the Railway Rates Advisory Committee.

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
2. Sir Manmohandas Ramji, Kt.
3. The Hon'ble Sir Phiroze C. Sethna, O.B.E.
4. Mr. Manu Subedar.
5. Mr. K. H. Vakil.

Representative on the Governing Body of the Indian Mercantile Marine Training Ship 'Dufferin.'

Mr. M. A. Master.

Representative on the Senate of the Bombay University.

Mr. Nagindas T. Master.

Representative on the Traffic Control Committee (Bombay.)

Mr. L. R. Tairsee.

Representative on the Bombay Road Board.

Mr. K. S. R. Iyer.

Representative on the Indian Sailors Home Committee.

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co.

Hon'ble Sir Phiroze C. Sethna.

MANAGING COMMITTEE FOR THE YEAR 1933.

President:—

Sir Manmohandas Ramji, Kt.

Vice-President :—

Sheth Mathuradas Visanji Khimji.

Members:—

1. Mr. A. D. Shroff.
2. Mr. Lalji Naranji.
3. Sir. Chunilal V. Mehta, K. C. S. I.
4. Mr. Dhirajlal C. Modi.
5. Mr. N. M. Muzumdar.
6. Mr. Walchand Hirachand.
7. Mr. S. N. Pochkhanawalla.
8. Mr. Ebrahim G. Currimbhoy.
9. Mr. Jal A. D. Naoroji.
10. Mr. M. C. Ghia.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

11. Mr. Mangaldas B. Mehta.
12. Mr. Hooseinbhoy A. Lalljee.
13. Mr. J. C. Setalvad.
14. Mr. Manu Subedar.
15. Professor Sohrab R. Davar.
16. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E.
17. Mr. Purshotam Jivandas.
18. Mr. Fakirmahomed C. L. Sajan.
19. The Hon'ble Sir Phiroze C. Sethna, Kt., O. B. E.
20. Mr. H. P. Mody.
21. Mr. Jethabhai Kalianji.
22. Mr. Aboobaker Abdulrehman.
23. The Hon'ble Sirdar Sir Suleman Cassum Haji Mitha, Kt., C. I. E., O. B. E.

Co-opted :—

1. Sir Cowasji Jehangir (Jr.), K. C. S. I.
2. Professor Khushal T. Shah.
3. Mr. Lachhmandas H. Daga.
4. The Rice Merchants' Association (Mr. Mathuradas Canji Matani).
5. The Grain Merchants' Association (Mr. Velji Lakhamsi Napoo).
6. The Indian Insurance Companies' Association (Mr. K. S. Ramchandra Aiyer).
7. The Bombay Yarn, Copper & Brass Native Merchants' Association (Mr. Sankalchand G. Shah).
8. The Seeds Traders' Association (Mr. Ratilal M. Gandhi).
9. The Iron Merchants' Association (Mr. Vanmalidas H. Pandya).
10. The Bombay Shroff Association (Mr. Kaliandas B. Shroff).
11. The Japan and Shanghai Silk Merchants' Association (Mr. Behram N. Karanjia).
12. The Maharashtra Chamber of Commerce (Mr. D. S. Kanetkar).

Ex-Officio :—

1. Mr. Vithaldas Damodar Govindji (Bombay Port Trust).
2. Mr. Lakhmidas R. Tairsee (do.)
3. Mr. Bhawanji Arjan Khimji (do.)
4. Raja Bahadur Govindlal Shivlal (Bombay Municipality).
5. Mr. E. R. Hirjibehedin (Bombay Improvements Committee).
6. Mr. Chunilal B. Mehta (The Indian Central Cotton Committee).
7. Mr. Gordhandas G. Morarji (G. I. P. Ry. Local Advisory Committee).
8. Mr. R. P. Masani (B. B. & C. I. Ry. Local Advisory Committee).
9. Mr. Kapilram H. Vakil (Royal Institute of Science Advisory Committee).
10. Mr. M. A. Master (Governing Body of the I. M. M. T. S. "Dufferin").
11. Mr. Nagindas T. Master (Bombay University Senate).

Mr. J. K. Mehta (*Secretary*).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER. (1933.)

Bi-Annual :—

*1. The Indian Cadet. (Journal of the Indian Mercantile Marine Training Ship "Dufferin").

Quarterly :—

1. Empire Cotton Growing Review.
*2. Vishva Bharati.
3. Swedish Economic Review.
4. Journal of the Bengal National Chamber of Commerce.
5. Finish Trade Review.

Bi-monthly :—

1. Triveni.
2. The Yokohama Trade Review.
3. Industrial Safety Survey. (International Labour Office.)

Monthly :—

*1. Nation's Business (U. S. A.)
*2. Official Journal of the League of Nations.
*3. Monthly Summary of the Proceedings of the League of Nations.
*4. Monthly Bulletin of Statistics issued by the League of Nations.
5. International Conciliation.
6. Monthly Journal of the 'Liverpool Chamber of Commerce.
7. Monthly Journal of the Manchester Chamber of Commerce.
8. Monthly Journal of the Sheffield Chamber of Commerce.
9. Monthly Journal of the Bradford Chamber of Commerce.
10. Monthly Journal of the Nottingham Chamber of Commerce.
11. Northamptonshire Journal of Commerce.
12. Monthly Report on Current Economic Conditions in Japan issued by the Tokyo Chamber of Commerce.
*13. National Geographic Magazine.
14. Indian Insurance.
15. Commercial India.
16. Mercantile Guardian.
*17. International Labour Review.
18. Bombay Labour Gazette.
19. Engineering Progress.
20. British Industries.
21. Monthly Sea-borne Trade Returns of British India.

22. Monthly Returns of the Coasting Trade of British India.
23. Monthly Statistics of Cotton Spinning & Weaving in Indian Mills.
24. Trade at Stations adjacent to Land Frontier Routes.
25. Exports of Indian Artware and Sportsgoods.
26. Kathiawar Trade Statistics.
27. Raw Cotton Trade Statistics.
28. Joint Stock Companies.
29. Statistics of Import and Export Trade in Cotton Yarn and Piecegoods of British India (Issued by the Bombay Millowners' Association.)
30. Statistics of Import & Export Trade in Cotton Yarn & Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association.)

*31. Modern Review.
*32. Asia.

33. Young Messenger of India.
34. American Exporter.
35. The German Industrial Echo: Exporters' & Importers' Journal.
36. German Exporter.
37. Bendien's International Review.
38. Belgium Abroad.

*39. Bulletin of the International Management Institute.

40. Monthly Summary of the Foreign Commerce of the United States.
41. East and West Trade Developer.
42. Swedish Exporter.
43. Indian Concrete Journal.

*44. Financial and Economic Supplement of the "Maharatta."

45. Insurance Finance Review.
46. London Chamber of Commerce Journal.

47. Monthly Review of the Lloyds Bank.
48. Monthly Review of the National City Bank of New York.
49. Monthly Review of the Barclays Bank.
50. Monthly Review of the Midland Bank.
51. Monthly Review of the Westminister Bank.
52. "Index"—(Svenska Handelsbanken, Stockholm.)
53. World Trade (International Chamber.)

Weekly :—

*1. Economist.
*2. Statist.
*3. Indian Finance.
*4. Manchester Guardian Commercial.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U. S. A.)
8. Calcutta Commercial Gazette.
*9. Industrial and Labour Information.
10. Nation (U. S. A.)
11. New India.
*12. Bombay Market Report.
13. Bombay Government Gazette.
*14. Gazette of India.
*15. New Leader.
*16. Business Week.
17. Servant of India.
18. Financial News.
19. The Indian Economist.

Occasional :—

1. Legislative Assembly Debate.
2. Council of State Debates.
3. Bombay Legislative Council Debates.
*4. Burma Legislative Council Debates.
5. Indian Tea Statistics.

6. Indian Coffee Statistics.
7. Indian Agricultural Statistics.
8. Wholesale Prices of certain Staple Articles of Trade at selected Stations in India.

Gujarati Periodicals :—

1. Sahitya.
2. Buddhi Prakash.
3. Jnnan Vardhak.
4. Khetivadi Vignan.
5. Bhagyoday.
6. Vaidya Kalpataru.
7. Digambar Jain.
8. Gujarati Punch. (Weekly).

* Subscribed for by the Chamber.

25th Annual General Meeting.

The 25th Annual General Meeting of the Indian Merchants' Chamber was held on Saturday, the 27th January 1933 at 3 p. m. (S. T.) at the Office of the Chamber, Mr. Mathuradas C. Matani presiding, to transact the following business :—

1. To receive and adopt the Annual Report of the retiring Committee and the Audited Statement of Accounts of the Chamber for the year 1932.
2. To record the declaration of the result of election of Office-bearers for the ensuing year.
3. To appoint Auditors for the year 1933.
4. To consider the following amendment to the Rules and Regulations of the Chamber, recommended by the Committee :—

   "(*A*) That after Clause (*j*) of the 'Object' *vide* Rule 3, the following new Clause be added as Clause (*k*) :—

(*k*) (*i*) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(*ii*) To nominate delegates and advisers, etc., to represent the employers of India at "the Annual International Labour Conferences of the League of Nations."

(*iii*) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(*iv*) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Labour Conferences.

(*B*) That the present Clause (*k*) be renumbered (*l*)".

The following members were present :—

Sir Manmohandas Ramji, Kt.
Mr. Lalji Naranji.
Mr. L. R. Tairsee.
Mr. Hooseinbhoy A. Lalljee.
Mr. Chunilal Dahyabhai.
Mr. R. N. Bapasola.
Mr. R. C. Suntoke.
Mr. Karsondas Thakersey.

Mr. Purshotam Harikisondas.
Mr. Purshotam Jivandas.
Mr. Sitaldas Tirathdas.
Mr. N. M. Bhuta.
Mr. J. J. Kapadia.
Mr. V. N. Patruni.
Raja Bahadur Govindlal Shivlal.
Mr. Purshotamdas Popatlal.
Mr. H. M. Chowna.
Mr. J. C. Setalvad.
Mr. Hiralal A. Shah.
Mr. Jethabhai Kalianji.
Mr. D. D. Shethia.
Mr. Morarjee Pudamsey.
Mr. Motilal H. Parekh.
Mr. Ramachandra M. Bhat.
Mr. Ratilal M. Gandhi.
Mr. E. R. Hirjibehedin.
Mr. F. C. Cooper.
Mr. Kalyandas Bhaidas.
Sirdar Sir Suleman Kasum Mitha.
Mr. B. J. Modi.
Mr. K. S. R. Iyer.
Mr. Anandji Haridas.
Mr. B. P. Mehta.
Mr. Vanmali H. Pandya.
Mr. Dhirajlal C. Modi.
Dr. Kalimuddin.
Mr. Kaikobad C. Dinshaw.
Mr. Morarjee Hemraj.
Mr. A. D. Shroff.
Mr. M. C. Ghia.
Mr. Jamnadas Ramdas.
Mr. P. D. Bhat.
Mr. Gordhandas G. Morarji.

Mr. Ramdas Khimji.
Mr. Chaturbhuj Gordhandas Sunderdas.
Mr. Bhagwandas Vassonji.
Mr. J. P. Mehta.
Mr. B. D. Dave.
Mr. J. K. Mehta (*Secretary*).

Mr. Mathuradas C. Matani, the retiring President, in moving the adoption of the Report of the Committee and the Audited Statement of Accounts, made the following speech :—

Speech of Mr. Mathuradas Canji Matani.

GENTLEMEN,

I have much pleasure in placing before you, for adoption, the Twenty-fifth Annual Report of the Committee of the Chamber.

You know the circumstances under which the honour of the Presidentship of the Chamber was conferred upon me. Looking to the critical stage through which the Chamber was passing at the time, I considered it my duty to obey the call and accept the responsibility. It is neither necessary, nor advisable, to go over all the issues of the unfortunate episode. According to the old proverb: "All's well that ends well". I must add, however, that the Chamber must thank Sir Manmohandas Ramji, the veteran Founder and leader of the Chamber, for coming to its rescue in his old age, and accepting the responsibilities before which a much younger man would have quailed. Sir Manmohandas was at the helm of the Chamber for the first six years, from the establishment of the Chamber; and as such laid the foundations truly and deeply. The prestige and good name which the Chamber now enjoys are due to those initial labours of his; and the Chamber must now be congratulated upon securing the services, in this year of its Silver Jubilee, of one who was connected with it for such a long time and in such an arduous task.

Riots.

The City passed, some months ago, through horrors of communal riots, unprecedented in its history. Lawlessness was unduly protracted, and all business and communications in the City were interrupted, life and property immensely imperilled, leaving very deleterious effect on its trade and industry. Your President, my predecessor in office, Mr. Behram N. Karanjia was alive to the seriousness of the position, and took upon himself the duty of conferring with the various commercial and peace-making interests in the city. Several meetings of leading citizens were held at the Office of this Chamber to consider and give effect to means for ending the trouble. These conferences contributed their share in restoring peace in the city, and confidence among merchants.

Our City has justly acquired a reputation for its cosmopolitan spirit and sobriety. The occurrence of such periods of lawlessness are a stain on its fair name. The trouble should be fathomed to its source, so that its recurrence could be permanently avoided. An Enquiry Committee was appointed by Government after the similar riots in 1929, but it failed to achieve the objective. In the meanwhile, the die-hard section of the governing-class interpret these outbreaks as inherent in the communal differences, thereby justifying the continuance of their own power and position. On the other hand, Indian nationalist sentiment cries out against the prevailing conditions in the country, and the system of its government, which have failed to root out the evil. If anything, their maxims of policy and methods of Government seem only to have intensified it. I would not open old sores, but I cannot omit an appeal to my fellow citizens to be on their guard against any recurrences of these crimes, so as to maintain and uphold the good name of this Premier City in India.

Political Situation.

The political situation has been very distressing throughout the year. There was a change of Government in 1931 in

Great Britain. The new "National" Government had a preponderant Tory voice, which reversed the conciliatory policy of the Labour Government. Consequent upon the Gandhi-Irwin pact, Mahatmaji was prevailed upon to join the Second Round Table Conference, as the sole representative of the Indian National Congress which made the country experience a sense of relief, after the repression of the preceding year. Except for trade depression and agrarian distress, as a result of an abnormal fall in the price of all agricultural produce, the country had seen a ray of hope in the conciliatory attitude of the Labour Government. This did not suit the ideas of the preponderant section of the new National Government with its bias for "strong rule", and the whole policy was reversed. Mahatmaji, therefore, found the whole atmosphere of the Second Round Table Conference hostile and depressing and his mission of peace futile, his effort at co-operation fruitless.

On his return from the Conference, Mahatmaji was arrested and put into jail; before he had any opportunity to familiarise himself with the true position of the country. Mahatmaji's request for a personal interview with the Viceroy was rejected, and all efforts for peace from several sources frustrated. The Ordinance regime was revived, and repressive measures were adopted of unexampled severity. The Working Committee followed this up with Civil Disobedience.

With Civil Disobedience on one hand and the ruthless operation of Ordinances and Ordinance Laws, on the other the country is plunged into political commotion and disquiet. Thousands of patriotic men and women are confined in jail. Among these are persons of great learning and high attainments, eminent in their respective professions, of high station in life, of spotless character, whom any nation would feel proud to honour. These good and great men and women are subjected to harsh jail treatment with added severity in many cases. Barring a few exceptions, all of them are put in the lowest class,

without any regard to their mode of living and station in life. Their lot is much harder than that of the most depraved of European criminals. This hard jail life has gravely affected the health of many, and in some cases it has been an intermediate stage to their grave. When any of such hard cases came to the knowledge of your Committee, they called the attention of Government to it with a prayer for relief. Such information from behind the jail doors is very scanty and unauthentic. It has recently been reported that Mr. Nagindas T. Master, once a member of your Committee, has been transferred to the lowest class ; his health is consequently affected and the old gentleman is much reduced in weight. If this information is correct it is a sufficient condemnation of the system under which such a meek and inoffensive person would have to undergo such treatment. The revelations in the Nasik case would, it is hoped, open the eyes of Government and lead them to overhaul the whole system and introduce a change in it under which all the political prisoners would be put in the proper classes to which they are entitled by their rank and station in life, and suitable facilities would be extended to all of them.

May we not hope that Government in their wisdom would cry halt, take stock of the situation and reconsider their whole policy and its results, immediate as well as prospective ? If the intentions of the Government are to introduce proper self-Government, as they profess to do, can they expect their professions to be relied on, whilst Mahatmaji and other political prisoners are confined to prison against the universal wishes of the nation ? The real test of the sincerity of their profession can only be by their respecting the desire of the whole nation, so unmistakeably expressed by persons of all shades of opinion, to restore to liberty that great Apostle of Peace, Mahatmaji, and his followers. If on the other hand, they are reluctant to introduce a real measure of self-government under the control of the people of the land, can they hope to crush the spirit of a whole nation, awakened to a sense of their

fundamental rights? Will not their strong rule under the Ordinance Laws drive the iron deeper into the soul of a people conscious of the justice of their cause? In the meanwhile, the political unrest in the country is having a prejudicial effect on the trade and industry of the country, already suffering from a virulent depression. Under the circumstances, our earnest prayer to Government should be to take stock of the whole situation to restore peace and quiet in the country, under which alone commerce can thrive.

Third Round Table Conference.

I do not propose to examine in detail the proposals emerging out of the Third Round Table Conference. At the same time, I cannot help feeling that the attitude of His Majesty's Government in regard to the insistence on very stringent safeguards is not conducive of that atmosphere, which would make possible the consideration of these safeguards from any other standpoint than the confirmation of the popular belief in India that Britain has no genuine intention to part with political power in this country. In more than one direction, safeguards sought to be explained away in the interests of India are more stringent than they were made to appear at the previous two sessions of the Round Table Conference. For instance, it is proposed to vest in Provincial Governors power to issue Ordinances, which power at present has been specifically reserved to the Viceroy, and even the redeeming feature of the Ordinances, having legal force for a limited period of six months, is now proposed to be removed, and what are called as Governors' Acts, which cannot be abolished by Legislatures, are now proposed to be enforced. To take another instance. The right of India to discriminate in matters of trade and commerce was proposed at the first Round Table Conference to be regulated by a convention between India and Britain. It is now proposed to make such discrimination legally impossible and to make it a special responsibility of the future Governor General. Such retrograde proposals calculated to encroach severely upon the

inherent rights of the future Legislature in matters admitted to be vital to the economic well-being of this country cannot for one moment be entertained by any self respecting Indian, and I feel emboldened to say that as far as the commercial community is concerned, proposals regarding commercial discrimination are unacceptable and will be opposed by them tooth and nail.

I must also sound a note of warning to Government in regard to their proposed intentions to establish a Reserve Bank in India in terms of the constitution which may be fixed by an Act passed by the present Legislature. That the present Legislative Assembly is not representative and does not enjoy the confidence of the country in general is hardly a matter of dispute, and it is impossible that such an Assembly can be trusted to devise an institution like the Reserve Bank which is meant to be a great instrument for the financial policy of the future responsible Government of the country. Strongly as I would wish the early creation of a powerful Central Bank for India, I do not feel very enthusiastic about its immediate establishment, if it is to be the result of even temporary assistance from Britain which in turn would accentuate the demand for further financial safeguards. I would rather wait and have the Reserve Bank founded upon our own resources, and created through legislation passed by the future responsible Parliament of India.

International Organisations.

You all know that since the termination of the World-war important international organisations, like the League of Nations and the International Labour Office, have come into existence. Apart from political and diplomatic matters of international importance, the League of Nations in course of time has been devoting increasing attention to vital economic and financial questions, affecting the welfare not only of Europe but of the whole world. The Economic and Financial Sections of the League of Nations, it may be said without exaggeration, have

been studying important economic and financial questions as far as possible from scientific and objective points of view. The annual literature issued by these sections is literally torrential. I wish to impress on the Indian commercial community the great necessity of keeping in close and enlightened touch with what is happening in Geneva in these spheres.

The International Labour Office studies important social and labour problems of international importance. I do not propose to go into details about the activities of the International Labour Office. Important deliberations affecting industry and labour all over the world are continuously taking place in Geneva. Our industries, compared with highly advanced industries of the West, suffer from various disadvantages. I would, therefore, urge our industrialists and Chambers of Commerce representing interests of employers to take increasing interest in the activities of the International Labour Office.

Communal Award and Representation of Indian Commerce.

One of the most discussed questions during the course of the year was the Communal Decision given by the British Premier. The entire decision is vitiated in Indian eyes by its fundamentally wrong principle, which splits up the country into innumerable cross divisions. I will not refer to the many objectionable features of it, except in so far as it directly affects the commercial community. The representation of European Commerce, as contra distinguished from Indian Commerce, is, as your Committee pointed out, very unfair to the Indian commercial community.

Indianisation of Services.

We have all been urging that the process of Indianising the Army and the services in the Government and Quasi-Government Departments should be speeded up. While thus the State is called upon to respond to this call of Indianisation

an appeal to our Industrial Magnates and businessmen to completely Indianise their superior services will also not be out of place. Recently some adverse comments have appeared that business houses still continue to entertain in the superior and technical staff foreign talent, although there is no dearth of national talent to take its place. I must confess that this criticism is not entirely without ground. Many young Indians with suitable qualifications and foreign University training have not been suitably placed in life, and suffer from want of an opportunity to prove their worth. It is essential that all industries and commercial enterprises which claim to be national should have their services also completely nationalised. May we cherish the hope that the superior and technical appointments in public utility concerns and in the big industrial enterprises in the country will be held by Indians ere long?

Insurance.

I might here mention one other branch of Indian commerce which is steadily progressing, but at the same time is threatened with dangers in the shape of unfair foreign competition which may be compared to dumping. I refer to the progress of Indian Insurance Companies and the great efforts they are making in getting a foothold in our own country. That they have received support from the Indian commercial community is an acknowledged fact, but the very support that they have received, on which mainly they have progressed, has now roused our foreign rivals to capture the business which is now in the hands of indigenous companies, by cut-throat competition. The Millowners who claim that their industry is a national one and should be protected from all foreign competition and who have received help at the cost of the Indian taxpayers are the people who should be reminded of their duty to Indian insurance companies, and I hope that they will stand by indigenous

concerns in spite of inducements from foreign companies. I beg also to appeal to the Indian commercial community to support Indian Companies thus developing a most useful and fruitful branch of Indian commerce and industry.

While I am on this question, I should like to stress the importance of our industrialists themselves setting an example to the public at large in the matter of encouragement of Swadeshi. Thus, to cite only one instance, the cotton textile industry requires protection and it but due and proper that cotton textile magnates should encourage the indigenous industry by purchasing locally-made mill stores and the use of Indian coal. It is regrettable that millowners should use foreign oil while they have got Indian coal.

Certification of Swadeshi Goods.

The Chamber has in operation a scheme for issuing Swadeshi Certificates to goods, other than textiles, manufactured in the country. A Board called the Swadeshi Certifying Board has been appointed to receive and consider applications for certificates, and where they are satisfied that, having regard to the materials used, labour employed, composition of the superior staff, share holding and other particulars, the manufacture could be regarded as substantially Indian they issue certificates. Two or three members of the Board go and inspect the factories of applicants when they are in the City, and in case of mofussil applications, reports from local Chambers or Commercial Associations are obtained and certificates are issued only after proper enquiries are made.

So far 38 certificates have been issued. The attention of all manufacturers in the country is drawn to this scheme with a suggestion that they will take out these certificates. I may here refer to the genesis of the scheme. Complaints were received that attempts were being made to palm off goods of suspicious origin as Swadeshi, and the Chamber felt

that the cause of Swadeshi would suffer if efforts were not made to weed out such abuses. It is thus to help the genuine Swadeshi goods and to protect them from the colourable imitator that the scheme was thought out. It is desirable that organisers of Exhibitions and Swadeshi Markets in the country should insist on the production of this or similar authoritative certificates before goods may be allowed to be exhibited as Swadeshi. I have also no doubt that the shrewd buyer will always satisfy himself with some such proof about the genuineness of goods sold as Swadeshi.

Depression.

The protracted economic and trade depression is increasing in intensity and assuming alarming proportions. None of our public and private activities are free from its baneful effects. The finances of Imperial and Provincial Governments, of all our public and private concerns, the Municipality, the Port Trust and the Improvement Trust have been materially affected, and many indispensable activities of public welfare and benefit have had to be starved, curtailed, or altogether stopped for want of funds. Our trade and industry have been ruined, and a great number of businessmen have been brought into difficulties. There is wide spread unemployment in middle classes, whilst those who are fortunate to be still engaged in some occupation find it difficult to make both ends meet. The condition of the agriculturists and their dependents, always living on the verge of poverty, is so distressing and miserable as to cause despair. The position is indeed very grave, and if things are allowed to go on as they are, the future appears too horrible even to contemplate. It demands the most earnest thought and attention of all of us, our economists and our businessmen, Government and public bodies alike, to devise and elaborate proper and adequate steps to cope with it. The subject is a vast complex one and I can only refer to some of its aspects, as they occur to me.

Owing to catastrophic fall in prices all the world over, the depression is world wide and all the countries are more or less affected by it. It is, therefore, emphasised by the Government that the problem is an international one and its cure lies outside our own power. It is further argued that the political agitation in the country has accentuated the evil. This half truth is so often repeated by Government and its apologists that the other side has escaped the notice of the layman. On the other hand, the means adopted by Government to meet the situation have either been wrongly conceived, or have been for alien interests, and have only aggravated the evil instead of remedying the same.

I will confine myself to the pure economic issues and refrain from adverting to popular political activities as well as rule by Ordinances only as a passing phase.

In order to grasp the situation let us broadly examine how this fall of prices is brought about and how it causes the present pernicious depression. In the production and marketing of goods, a producer has to incur expenses. He has to pay taxes and revenues of Government and other public bodies, charges of labour, transport and marketing. The nett realisation of the products after deducting these charges is much reduced and in some cases, it is either negligible or nothing. The producer is thus short of money to purchase his necessaries and comforts. This reduction of his purchasing power, in turn, affects trade and industry. Because goods cannot be sold in sufficient quantities their stocks accumulate and prices are further reduced. These conditions have their repercussion on the revenues of Government and other public bodies and their receipts are in consequence much reduced. At a time when agriculture, trade and industry require relief by way of reduction in public charges, they have to be enhanced to meet bare public expenditure. Thus the vicious circle is set in motion and the depression is continued with all its attendant misery and

distress. Two circumstances, in the main, are generally held to be responsible for mal-adjustment in the finances of the world and its consequent depression.

Firstly stringency of money and currency and credit based on gold. Much of the gold with the different issuing banks which functioned as a substratum of currency and credit in principal countries of the world is now confined to the vaults of America and France. Hence currency and credit based on gold is much contracted and there is a stringency of the medium of Exchange. Owing to this scarcity, the value of gold currency and credit has enhanced in terms of goods whilst the value of other commodities in relation to one another has not much changed. It is, therefore, recognised on all hands that the currency and credit need to be sufficiently expanded to meet fully all its requirements and so increase the level of prices.

Secondly charges of production and marketing to be properly adjusted: A reasonable increase in the price of goods by reducing the value of the standard of Exchange will materially lighten the burden of charges on production. After such a relief if there remains any unfair burden, it has to be fairly adjusted. One such inequitable burden is the enormous increase in internal and international indebtedness. Its liquidation is a load which production could hardly bear. An all round solution should be evolved to reduce this charge generally instead of only a partial solution of it as is sought to be done by the settlement of European War Debts to America.

It will thus appear that the solution of world wide depression as a whole is indeed an international one. Its solution is so far precluded by the political and economic international jealousies and narrow self-interests of different nations. But there are also aspects of it which each nation can solve by itself in accordance with its peculiar need and circumstances.

As we have seen, without unanimous understanding between the nations, it is not feasible to raise the world-wide prices. The only course left to individual nations in that case is to raise the internal price of goods. So far as internal exchange and internal commerce is concerned, it will give a substantial lift to them and to that extent relieve the depression. Many important countries have voluntarily taken such action, like France and Japan, in the interest of their nationals. Others, like Great Britain, had to adopt it under stress of circumstances and they welcomed the change as a blessing in the interest of their commerce and trade. Even the wealthiest nations, like America, find it difficult to maintain strict gold exchange. The position of India is even worse than any of these countries. The reduction in agricultural prices is comparatively greater, by 30 per cent., than that in industrial goods. Secondly, whilst all countries have either inflated their currency or tried to maintain their previous standard, India is the only country that was made to appreciate its currency. The evil effect therefore of the world wide stringency is all the greater in India than elsewhere. This has resulted in wide-spread misery and distress in the country. It is therefore imperatively necessary that, so far as internal prices are concerned, every effort should be made to raise them and thus afford the needed relief to the agriculturist and industrialist. It is not advocated that inflation should be carried to a limit which might undo the good effect and land the country into difficulties by mal-adjustment of exchange, like that in Germany, before the Mark was settled. What is suggested by me is controlled inflation; that is there should be a point beyond which inflation should not be allowed to go. In fact many scientific economists are in favour of a 'managed' currency, which is a sort of controlled inflation or deflation. Happily for India, a limit could easily be fixed beyond which inflation could never go. If under no circumstances the silver Rupee is to be discontinued as a legal tender, the limit to which inflation

can go is only three times the value of the present medium of exchange. France has settled its medium of exchange at five times the pre-war level. Of course, I am not advocating to touch the lowest limit of the silver value, but under the present circumstances, when things have been allowed to go to such an extent, any small depreciation will not help the producer. If the Rupee were left to take its own course, it would find its proper level when after a little experience the exchange could be fixed in relation to Gold, which is still the controlling standard of currency. One does not understand why in the name of fixity the Rupee should be tied up with the changing standard of Sterling, and why a good opportunity should have been lost of building up a sound Gold reserve, when so much of distress gold was coming by allowing it to be exported. This is an instance of the conflict in interests of India and England, where the interests of India have been sacrificed for those of England. There is no question that agriculture, trade and industry will be materially benefitted by such internal raising of prices. The fact has been universally acknowledged by all nations, as is shown by a provision in their tariff schedules to increase the duties against countries with depreciated exchange.

It might be contended that with depreciated exchange it would be difficult to pay up foreign debts and expenses. This is only apparently so, for what we pay to the foreign countries is only in goods, which will be sold at the prices ruling in the foreign countries, irrespective of their prices in India. So the volume of the goods exported to meet foreign payments would in no case be greater. The appreciated exchange at present only makes foreign payments easier, but the burden is not in the least lighter. In fact it is only a concealed taxation which is a worse form of taxation. A depreciated exchange will act as a check to foreign imports. The very rise in internal prices would be a check to excess in imports; the payments on that behalf will be all the less.

Another direction in which retrenchment is possible is foreign services of all kinds. Our Civil Services are the costliest in the world, and the poorest country has to pay for it. Even in the time of acute difficulties, when the poorest Government employee has to submit to a cut and the services of many are dispensed with, the Civilians, so handsomely paid, cannot reconcile themselves to a modest cut of 10 per cent. They urge the sanctity of contract with the Secretary of State. Of course, they were ready to swallow a big increase under the Lee Commission. The cost of military service is another injustice to which India has to submit.

The third source in which a saving could be made is foreign borrowings. It has been repeatedly put forth that India must keep up high exchange to maintain her credit with the foreign investors, and that India must have constant recourse to borrowings. This is a proposition which should be challenged. The money thus borrowed has been used not for productive industrial purposes, but for wars, current deficits and other wasteful purposes of our Government. When Canada was given Dominion Status, it was purely an agricultural country. Under self-rule it took up industrialism and with an equal amount of foreign indebtedness as India has nearly doubled her industrial products as compared with agricultural produce. And these borrowings have been purely as business transactions, advanced by America without any whisper by the lender of a claim to any voice in her affairs. While in the case of India our indebtedness, which is for wasteful purposes is made an excuse for keeping the country under the yoke of our creditors, and stringent safeguards are sought to be included in the new Constitution for their sake.

I have now completed this rather depressing task of reviewing the Depression. Little else remains to me to add beyond a heartfelt tribute to my colleagues on the Committee, and particularly to Mr. Mehta and the staff for their ungrudging

co-operation and ready help. Without such co-operation, I could never have undertaken the responsibility of this onerous though most honourable office of the President of the Indian Merchants' Chamber.

Sir Munmohandas Ramji, the incoming President, seconded the proposal for the adoption of the Report and Accounts with the following speech—

Speech of Sir Munmohundas Ramji, Kt.

MR. PRESIDENT & GENTLEMEN,

I have great pleasure in seconding the proposal for adoption of the Report, put forward by the President.

Let me, in the beginning, express my thanks to you for the honour you have done in calling me from my semi-retirement to take up the duties and responsibilities of the Presidentship of the Chamber. Mr. Matani has referred to my past work in connection with the Chamber and to what little I did in connection with its inauguration more than 25 years back. I have derived ample satisfaction from the result of my endeavours in those days, when I saw the Institution developing from its infancy into childhood and from childhood into the period of adolescent youth. It has now come to occupy a position, not only in the commercial world but also in public affairs which, if I may so put it, is almost unique. The position testifies to the work it has done in creating a strong Indian commercial opinion, which was not in evidence before, and in welding into one the Indian commercial community, which can now speak with a distinct personality and an united and common voice. The establishment of about 25 Indian Chambers of Commerce throughout the country, and the organisation of the Federation of Indian Chambers of Commerce and Industry have given the necessary Organisation to the Indian commercial community for making its wishes and views felt. It is because I feel that the Indian Merchants' Chamber has got a distinct mission to dis-

charge that I agreed to undertake the onerous and, if I may so, thankless task of framing out a joint ticket for the Committee election. The Chamber had unfortunately drifted into party politics and there were two sections which, while they were both of them actuated with the best interests of the Chamber, had some points of disagreement. I do not propose here to enter into any controversy or into the history of the question. I will only say that when both the sections evinced a desire for a compromise, which would remove the necessity for election on party lines with all its attendant bitterness, and when they expressed their confidence in me, I agreed to undertake the task, though, you will agree that the acceptance of this task with its attendant condition that I should accept the Presidentship was not particularly suitable for my age or my health. Looking to the circumstances under which I accepted the office, you will make my task easy by extending to me your co-operation and carrying on the work of the Chamber in its interests by working in a spirit of co-operation with each other as far as this work is concerned. If we all work together for the common interests of the country at large, so far as trade and industries are concerned, there can be and should be no party differences amongst us.

The Round Table Conference.

Financial and Commercial problems of great importance are going to confront us in the immediate future. The Third Round Table Conference has now ended, though we have not been able to find out what are the conclusions and decisions arrived at by that Conference. This conclusions will be embodied in a White Paper and will form the basis of a Bill to be introduced in Parliament.

Financial Safeguards.

The First Round Table Conference laid down that essential powers should be reserved to the Governor-General in

regard to budgetary arrangements and borrowing as would enable him to intervene if methods were being pursued which would, in his opinion, seriously prejudice the credit of India in the money markets of the world. It was also recommended that efforts should be made to establish "on sure foundations and free from any political influence as early as may be found possible a Reserve Bank which would be entrusted with the management of the currency and exchange." There was also the provision that the Service of Loans, with adequate provision for redemption by Sinking Funds or otherwise, and the Salaries and Pensions of persons appointed on guarantee given by the Secretary of State should be secured as Consolidated Fund Charges. The Declaration read out by the Prime Minister at the end of the First Round Table Conference, on behalf of his Majesty's Government, mentioned that subject to these provisions the Indian Government would have full financial responsibility for the methods of raising revenue and for the control of expenditure on non-reserved services. One may well wonder what was left of the financial responsibility bereft of all powers under the above provisions! While it was admitted that all these provisions would mean a short of a dualism, I cannot see wherein the dualism lies in such an arrangement. The whole power will be, in fact, vested in the Governor-General, and even with regard to the non-reserved matters his authority will reign supreme. There will be, therefore, no question of any financial powers being transferred to the people, nor of any diarchical arrangement, but an undiluted form of autocracy.

At the Second Round Table Conference, the Federal Structure Committee laid down some so-called fundamental propositions on which the proposals in connection with Financial Safeguards were based. These propositions were the following:—

(1) That it is essential that the financial stability and credit of India should be maintained;

(2) That the financial credit of any country rests in the last resort upon the confidence of the investor, actual and potential;

(3) That one result of the connection which has subsisted between India and the United Kingdom has been that her credit in the money markets of the world has hitherto been in practice closely bound up with British credit;

and

(4) That a change in her constitutional relations with the United Kingdom which involved a sudden severance of the financial link between the United Kingdom and India would disturb confidence and so place the new Indian Government and Legislature at a grave disadvantage.

There was a serious difference of opinion at the Second Round Table Conference with regard to the proposals put forward at the First Conference. While some considered that the proposals, to which I have already made a reference might not prove sufficient, others were of opinion that they erred on the side of caution and that since there was no ground for postulating imprudence on the part of the responsible executive and Legislature of the future, nothing further was required in order to ensure financial stability, in addition to the normal powers of veto which would vest in the Governor-General, than the establishment, pending the creation by the Indian Legislature of a Reserve Bank, of a statutory advisory Council, which Council itself would disappear after the Reserve Bank was established. There were again some who expressed themselves as unwilling to contemplate any limitations upon the powers of the Finance Minister to administer his charge in full responsibility to the Legislature, on the ground that a constitution which did not concede complete control of finance to the Legislature could not be described as responsible government,

and that derogation from complete control would hamper the Finance Minister in the discharge of his duties. It is this last view which is being held by this Chamber and, if I may say so, even by the whole of the Indian commercial community. The majority of the Federal Structure Committee at the Second Round Table Conference adhered to the principle enunciated in their report made at the time of the First Conference, though there were three distinct views, as I have just now mentioned, at the Second Conference. It must be said, however, that the so-called majorities and minorities at these Round Table Conference meetings and at their sub-committees, are found to be vague and indefinite. No actual voting was taken and, I think I am right in saying that, generally the President put down what he thought as the sense of the Committee and referred to it as majority or minority, as in his opinion, constituted the sense of the Committee, on any particular question. We are not yet in a position definitely to know what were the conclusions of the Third Round Table Conference. It however appears that the Third Round Table Conference did not take a particularly liberal view with regard to the Financial Safeguards. I am afraid that the move was rather made in the direction of tightening up the Safeguards, than loosening them. Thus, we are told that the Financial Safeguards Committee examined in greater details, than it was possible at the time of the Second Conference, the implications of the conclusions of the Second Report of the Federal Structure Committee that it would be necessary to reserve for the Governor-General with regard to Budget and Borrowing, such powers as to enable him to intervene with the methods pursued which, in his opinion, would seriously prejudice India in the world's money markets. A general clause appears to have been accepted, *viz.* to invest the Governor-General with "special responsibility safeguarding the financial stability and credit of the Federation". With this vague and indefinite power, it cannot be said that the responsibility of the Ministers would

be unfettered and complete. The suggestion of having a Financial Adviser to the Governor-General is also a new one. I should like to wait for more details regarding this suggestion, though, with what scanty materials there are, I am afraid, one cannot consider the suggestion as particularly progressive. It is likely to encroach on the rights and privileges of the Legislature and is an unconstitutional innovation for which no sufficient justification appears to have been made out. A great emphasis has been placed upon the Reserve Bank, perhaps greater than what was placed at the previous Session. While the country is assured by the Secretary of State that, as far as it lay within the power of himself and the Government of India, they would pursue a policy aiming at realising the required conditions as early as possible, no time limit has been given. It is upon the establishment of the Reserve Bank that not only financial autonomy but even the inauguration of the Federal Constitution appears to hang, and if through the operation of factors, over which we have no control, the Reserve Bank is delayed in coming into being, it means that financial autonomy will also be denied and the Federal Constitution will also be delayed in being inaugurated. I have tried to place before you the different stages of the discussions with regard to these Financial Safeguards, with a view to show that there has been no progress during all these three years and that, as the Committee of the Chamber recently observed in some respects the movement, if any, is on the retrograde side. What India has all along suffered from is the want of financial autonomy, and some of the most thoughtful and sober businessmen have pronounced their opinion that unless there is financial autonomy trade and industries have no chance of being developed. My friend, Mr. H. P. Mody, recently giving an interview, said:—

> "In particular, the reservations and restrictions in which the powers of the Finance Member and the Legislature under the new constitution are sought to be hedged will create precisely those conditions which the safeguards

are intended to provide against. They will generate the same sort of irresponsibility from which the opposition in the Legislatures today has been suffering. They will, at every turn, cramp and hamper the holder of, what should be, the most important portfolio in the new dispensation."

The Governor-General should not have any powers beyond those which a Governor-General in any self-governing Dominion enjoys. It is essential and vital that the movement forward for constitution-making should proceed on broad and catholic lines, unaccompanied by any unnecessary suspicion and over-cautiousness. Surely, the people of a country and their representatives should, at least, be credited with greater regard for their finances, their credit and their financial good name than what a foreign bureaucracy has or can have, ruling from a distance of 6,000 miles, specially when it is actuated by a desire, in some cases, to further British interests.

In this connection, I must express my strong opinion that there is now no further necessity of continuing the office of the Secretary of State for India and that the India Council should also be abolished. The Indian affairs should be placed in charge of a Dominion Minister. If India is going to be considered as a Dominion, there is no meaning in keeping up a Secretary of State and an India Council, who are obviously not meant for Indian benefit or Indian progress, but whose presence has lent colour to the theory that the Government of India is merely a subordinate Government.

Commercial Safeguards.

These discussions at the Round Table Conference have practically centred round the word "Safeguards", and at every turn we meet with them either in the form of Army Safeguards, or Financial Safeguards, or Commercial Safeguards, or what not. To us, businessmen, the so-called Commercial Safeguards have presented another knotty problem. At the First Round

Table Conference the following formula was laid down with regard to what has now come to be known as Commercial Discrimination :—

> "At the instance of the British Commercial Community the principle was generally agreed that there should be no discrimination between the rights of the British mercantile community firms and companies trading in India and the rights of Indian-born subjects, and that an appropriate Convention based on reciprocity should be entered into for the purpose of regulating these rights."

At the Second Round Table Conference, the Federal Structure Committee accepted and re-affirmed the principle that equal rights and equal opportunity should be afforded to those lawfully engaged in commerce and industry within the territories of the Federation and such differences as had manifested themselves were mainly, though not entirely, concerned with the limits within which the principle should operate and the best method of giving effect to it. A goodly section, however, contended that the future Government should not be burdened with any restriction save that no discrimination should be made mainly on the ground of race, colour or creed. The Committee of the Chamber were of opinion that if such a commitment was accepted, the Sovereignty of the future Legislature of this country and its rights to be equal in status to the other self-governing Dominions would be sacrificed. Your Committee have also expressed their opinion that no safeguards, which did not obtain in the other self-governing Dominions, should be agreed to and that the future Legislature of the country should have unfettered powers, if necessary, in the interests of the country, to discriminate against non-nationals, and that any restrictions on the legislative authority of the future Government would be derogatory to the authority of the Sovereign Legislature. The Committee of the Federation of Indian Chambers of Commerce and Industry also passed a

resolution, on the 16th October, 1931, that the future Legislature of the country, should have unfettered powers, if necessary, in the interests of the country, to discriminate against non-nationals. Even a writer like Mr. Geoffrey Tyson, who cannot be considered to belong to the Liberal School of politics, admits in his book : "Danger in India" that useless and irritating trading safeguards are not any real guarantee for the future of British commerce and industry in the country.

I am afraid that the last Round Table Conference has not effected any improvement in the position so far as Commercial Safeguards are concerned. The newspaper reports were merely to the effect that the Commercial Safeguards Committee had reached a satisfactory agreement based largely on the decisions of last year's Federal Structure Committee and that the Committee approved in this connection of the principle that the best way to avoid Commercial Discrimination would be by a constitutional provision prohibiting discrimination and defining those to which the provision would apply. It remains to be seen how the White Paper deals with this question. The best safeguards would be those based upon mutual esteem and mutual trust and confidence. And all this can be secured not by insisting upon Safeguards, but by working in co-operation with the Indian business community for the good of India. India is still a land of infant industries and it will be neither fair nor proper to place against them handicaps. Even British industries, which were all along considered to be in such a strong position that they did not want any special treatment, are now to get ample protection from Government. Why should such developed and protected Industries want any safeguards in this country? I do not think there are any instances which can justify the apprehension of British vested interests that unless there are Commercial Safeguards these interests will not be looked after. On the contrary, they have been able, upto now, to have their own ways carried out with the help of Government. During

all these years when British vested interests were given preference, there was no talk of any Safeguards for Indian interests, *i. e.* the indigenous interests. And yet, when the discussion is now going on with regard to a new Constitution, these same interests begin to clamour for Safeguards against Indian indigenous interests, apprehending that with an Indian Government Indian interests may get preference as they themselves got preference with a Government predominantly British in character. It is very necessary that Indian industries should get adequate protection from the State, and they will be heavily handicapped if the State is to be deprived of the right to afford them the special protection.

Retrenchment.

The continued trade depression all over the world affected the finances of Governments, both Central and Provincial, and the crisis was reached in 1931 when the Government of India had to call a special Session of the Legislature to pass special legislation to provide for heavy deficits in revenue. All Local Governments, excepting one or two, have also been passing through a period of straightened finances and have been obliged to adopt various measures of retrenchment to make both ends meet. The Government of India had to adopt a series of exceptional measures to make up their colossal deficit, these measures including a 10 per cent. alround cut in the salaries of Government servants, a surcharge on Income-tax, a surcharge on all import duties, lowering of the limit of the Income-tax, and so forth. There are all sorts of conjectures with regard to the forthcoming Budget of the Government of India, and it is put forward in some quarters that there may be some surplus left with the Finance Member. Suggestions have already begun to appear that if there is such a surplus, it should be devoted to restoring the 10 per cent. cut. It is forgotten that this was not the only measure taken to tide over the crisis, and that if there is a surplus, about which there is still doubt, there are much more urgent claims for relief and

remission than the claim of Government servants. It is to be hoped that this fact will not be lost sight of. It should be remembered that the scales of salaries for Government servants were fixed finally in the boom period, when the prices were soaring high. The Lee Commission made recommendations regarding the scales of salaries and other allowances, which were preposterous in character and yet which were unfortunately accepted by Government. All that meant a tremendous additional burden on the Indian Exchequer. What is now, therefore, required is, if all this talk of retrenchment is genuine, to do away with all those concessions which were consequent upon the Lee Commission's recommendations and to re-adjust the whole scale of salaries in view of the fact that the whole world is now suffering from a crash in prices and it is, therefore, neither reasonable nor fair that the taxpayer should be saddled with a permanent burden of increased wages, when reasons which gave rise to those increases have disappeared, barring the habit of luxurious living and the consequent high expenditure which can well be reduced to a pre-war level. Lower middle-class people would naturally expect the Income-tax limit to be again put up to its original limit of Rs. 2,000/- and the surcharge on Income-tax needs also to be removed. The surcharge on several import duties is also to be reconsidered. The Government of Bombay have now got before them a Re-Organisation scheme as recommended by the Re-Organisation Committee. Dangerous diseases require drastic remedies, and the Re-Organisation Committee seems to have proceeded on these lines. There is such a thing, however, as retrenchment run riot; and I fear that some of its proposals, like the closing down of important Educational Institutions, may appear to be of this nature. The Sydenham College of Commerce and the Poona Agricultural College are among those institutions which the Thomas Committee has recommended to be closed. I would not mind the Elphinstone College or the Deccan College being closed, as there are now several efficient

and well-conducted Arts Colleges in the Presidency, but the Sydenham College and the Agricultural College have got distinct functions of their own to discharge. They are vocational Colleges which are now of great importance. It is necessary that our youngmen should be trained up in commercial subjects and in agriculture, and it would be a suicidal policy to close these Colleges, specially in an agricultural and commercial country like India.

It has been a matter of considerable surprise that the Re-Organisation Committee should have made the reactionary suggestion that the Department of Industries should be abolished. This Chamber and other public bodies have always from time to time, expressed the view emphatically that this nation-building Department should be strengthened, and made a living force. Government have, on the other hand, always treated the Department in a stepmotherly fashion. Under the pressure of public opinion and the insistence of the Legislative Council, the Department was revived only 4½ years ago. Since then, with the limited amount of money and facilities placed at its disposal, the Department has done useful work as is evident from its last three annual reports. Even the Re-Organisation Committee has recognised the value of this work. I have long since been of opinion that the usefulness of this Department should be augmented by giving to it the charge of Inspection of Factories and Boilers, but unfortunately, no steps were taken in that direction. On the contrary, now it appears that a recommendation has been made to the effect that the Boiler and Factory Inspection should be handed over to the Director of Information and Labour Intelligence. If any department should be axed, it should be rather this Department of Information and Labour Intelligence than the Department of Industries. There can be no two opinions that the Department of Industries is a nation-building Department of great importance, and under the new Constitution it is certain to be strengthened very greatly. Under the circumstances, Govern-

ment will be deliberately handicapping the new Administration if it abolishes the Department.

World Economic Conference.

I fear I have already spoken at a great length and would not like to tire your patience with questions of international economic importance. I should like, however, to say a few words with regard to the world depression which has set like a pall upon all the countries in the world and which is responsible for throwing out of employment millions of people and consequent untold miseries. Efforts have been made in various quarters, both Expert and otherwise, to find out causes of this depression, but no satisfactory solution has so far been forthcoming of the world's difficulties. The Council of the International Chamber of Commerce sometime back analysed the causes and their analysis was practically comprehensive. Among the causes they mentioned :—

(*a*) Over-production ;

(*b*) Decline in world commodity prices ;

(*c*) Agricultural crisis ;

(*d*) Unprecedented extent of industrial unemployment ;

(*e*) Prolonged malise caused by political unrest ;

(*f*) Partial or complete closing of some of the world's most important markets ;

(*g*) Heavy fall in the price of silver ;

(*h*) Levying of taxation to meet unprecedented national and international indebtedness ;

(*i*) Slow re-adjustment of national to international economic situations by reason of the varied basis chosen for monetary stabilisation.

Recently Professor Gustav Cassell, the eminent Economist, considered the whole question and observed that the principal links in the chain of depression were :—

(1) unnatural demands for the payment of reparations and war debts;

(2) reluctance of the recipient countries to take payments in the form of goods and services;

(3) lop-sided distribution of gold in the world;

(4) fall of prices;

(5) general insolvency and loss of confidence.

It is likely that some of these questions will be gone into at the forthcoming World Economic Conference, which is likely to be held in May next. Representation of India at such a Conference is vitally essential, but the representation should be, if it is going to be useful and valuable, through India's accredited representatives who may be able to speak on her behalf, and not through men nominated by the Government of India. If there is going to be a representation of the character, with which we are familiar on some recent occasions, it is better that we should go without representation rather than have any. India has been playing a greater and greater part, if I may so put it, in the world economy, and it is not an exaggeration to state that if there is any settlement of conditions, both political and economic, in this country, it will have a very good repercussion even on the world economy. Under these circumstances, India should have a place of her own at the World Economic Conference.

Conclusion.

In conclusion, I should like to again appeal to you all to work in the interests of the Chamber and not on party lines. The interests of all of us are the same, and I cannot conceive where any cleavage on party lines can come in. If there is any difference of opinion, as there is naturally to be, we can well attempt to get such differences settled by peaceful persuasion, rather than by any antagonism. I hope therefore that the Chamber will be actuated by a spirit of harmony, and am quite

sure that with this spirit we shall be able to come closer together to understand each other's viewpoint, and to put up more solid work for the commercial community.

With these words, I second the adoption of the Report.

Then followed a general discussion in which Messrs. L. R. Tairsee, Vallabhdas, Ranchoddas, H. M. Chowna, Shamji Vallabhji, Prof. Davar and a few others participated.

The proposition for the adoption of the Report and Accounts was put to the vote and carried.

The result of the election of the Managing Committee for the year 1933 was recorded.

Mr. Vithaldas Damoder Govindji moved, and Mr. Thakorlal Vakil seconded, that Messrs. Devidas Vithaldas & Co. be appointed Auditors for the year 1933 at the usual remuneration of Rs. 100. The proposition when put to the vote was carried.

The amendments to the objects of the Chamber, referred to above, was moved from the Chair. The same was passed unanimously.

The proceedings terminated with a vote of thanks to the retiring President and the Committee, moved by Raja Bahadur Govindlal Shivlal and seconded by Mr. Cooper.

REPORT OF THE COMMITTEE

OF

THE INDIAN MERCHANTS' CHAMBER

for the year 1932 presented to the Annual General Meeting of the Chamber held on 27th January 1933.

Your Committee have pleasure in presenting the 25th Annual Report of your Chamber. During the course of the year 55 Committee Meetings were held, the work done being of a varied and important nature.

The principal subjects dealt with by your Committee related to the following main heads:—

(1) Transport and Communications, (2) Finance, Tariffs and Taxations, (3) Trade, Industrial and Labour Legislation, (4) General Trade and Industry and (5) General.

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Changes in the Personnel of the Committee.

Mr. Behram N. Karanjia, the President, and eleven members of the Committee sent in their resignations in the month of November, 1932. All the resignations were accepted with regret. In place of Mr. Karanjia, Sheth Mathuradas Canji Matani was unanimously elected as President, and the following eleven members were co-opted on the Committee in the vacancies created by the resignations :—

1. Mr. Mavji Govindji Sheth.
2. „ Hiralal A. Shah.
3. „ P. N. Mehta.
4. „ Damodar Govindji Madhowji.
5. „ Jivanlal Motichand.
6. „ Bhavanji Arjun Khimji.
7. „ Keshavprasad C. Desai.
8. „ M. L. Dahanukar.
9. „ Aboobaker A. Baigmohamed.
10. „ N. M. Bhuta.
11. „ Anandji Haridas.

Mr. M. L. Dahanukar, however informed the Committee that he was unable to accept the office.

I. TRANSPORT AND COMMUNICATIONS.

Rate Cutting by the British India Steam Navigation Company.

A representation was received from a conference of small Indian Steamship Companies in connection with the freight war started by the British India Steam Navigation Co., by reducing their rates of freight in the coastal traffic far below the economic level. According to these companies the time had come when their very existence was threatened if no timely action was taken by Government to redress their grievances.

On 11th August, the Committee addressed a communication to the Government of India pointing out the fact that complaints of such unfair rate competition had been made in the past but without any effect. They took this opportunity to trace the history of the events relating to the introduction of a private Bill in the Legislative Assembly to reserve the coastal trade for ships owned, managed and controlled by Indians themselves. Government were however opposed to the Coastal Reservation Bill and in 1929 announced on the floor of the Legislative Assembly that a solution of the question could be found by co-operation and good-will between the Indian and British shipping interests. Accordingly a shipping conference was called by Government in 1930, and though the Indian shipping interests responded to the call of co-operation and good-will, the conference failed in spite of the best efforts of His Excellency the Viceroy who presided, because the British vested interests were not prepared to meet the other side in the same spirit of co-operation and good-will. Government had announced that in case the conference failed they would explore other avenues for the development of the Indian shipping, so that there might be an adequate participation of Indian shipping in the coastal and overseas trade of India.

The Committee therefore reiterated the justification for the Indian demand for reservation of coastal trade of India to Indian shipping as the only effective method for the development of an

Indian Merchant Navy, and urged upon Government the necessity for taking early steps to implement their recognised policy of developing Indian shipping both in the coastal and overseas trade. They also stressed the necessity for some emergent action to protect the smaller companies from the situation which threatened their extinction and requested Government to make their policy and future programme in regard to the development of an Indian Mercantile Marine clearly known.

Renewal of Mails Contract.

The existing arrangement for the conveyance of mails, other than the English mail, with the British India Steam Navigation Co., expires on the 31st January 1934, and in this connection the Government of Bombay enquired whether the Committee had any suggestions to make for the modification or improvement of the Mail Service so that the same may be considered at the time of the renewal of the contract. In reply, in a letter dated 28th August, the Committee took the opportunity to remind Government of the policy recognised and accepted by the Government of India to develop an Indian Mercantile Marine by providing for an adequate participation of Indian shipping in the coastal and overseas trade of India. In view of this accepted policy, the Committee urged the necessity of utilising this opportunity of the expiry of the present contract for taking suitable action for enabling Indian steamship companies to carry the Mails on the coast by giving them such subsidies as the circumstances might justify. They suggested that Government should invite public and open tenders for the conveyance of Mails and should invite the various steamship companies to tender. They also felt that the tenders need not be invited for all the services jointly, but might preferably be invited separately for the different services so that smaller companies might apply for any particular service which they could safely undertake.

They further suggested that it was essential that certain conditions should be laid for the acceptance of such tenders, *viz* :—

(1) The Company or Companies which will be entrusted with the work of the conveyance of mails shall not enter into an unhealthy freight war with one another or with other companies plying on the coast by reducing the rates of freight below the economic level.

(2) Such company or companies shall not offer deferred rebates to their constituents.

(3) Such companies shall take cadets who pass out of the I. M. M. T. S. "Dufferin" as apprentices on board their steamers.

(4) Such companies shall be under an obligation to appoint as officers, as large a percentage as possible on their steamers apprentices referred to in (3) above when they obtain their certificates of competency.

Constitution of the Bombay Port Trust.

The Committee addressed a communication to the Government of Bombay suggesting the necessity for introducing legislation with a view to securing a definite majority of Indians on the Bombay Port Trust Board. They pointed out that the present constitution secured an absolute majority to non-Indians in the Port Trust and it was therefore most unsatisfactory from the Indian point of view. They referred to the fact that the trade of Bombay, in the sense of export and import, was all Indian, even if the party immediately handling it was non-Indian, and stated that in no other part of the world was any place given to non-nationals in the management of any port. They also referred to the anomaly which would arise more seriously when full provincial autonomy was established, if the Act was allowed to stand as it is, as it would take out of the control of a responsible Minister and place in the hands of a statutory body with foreign majority important affairs of the Port and capital city. The direct result of a majority of non-Indians on the Port Trust was a preponderance in all high offices of non-Indians, in spite of the fact that the need for Indianisation had been promi-

nently brought forward from time to time by representatives of Indian commerce. They therefore suggested that the time had now come to revise the Act, and particularly Sections 5 and 7, which referred to the constitution of the Port.

A reply was received from Government that under the Act 9 seats out of 22 on the Board were assured to Indians and that the process of Indianisation in the services was pursued progressively.

Surcharge on the Bombay Port Trust Charges.

From the 1st October, 1932, the Bombay Port Trust levied a 12½% surcharge on their Port charges. When the proposal for such a levy came up before the Board of Trustees of the Port, representatives of the Chamber strongly expressed themselves in opposition to the same. The Board, notwithstanding their protest, decided upon the levy.

The Committee of the Chamber addressed a letter to the Secretary of the Port Trust, on 4th November, 1932, expressing their regret that the Board should have decided upon such a levy at a time, when the trade and commerce of the city were suffering from the blightening effects of a long period of depression. Furthermore there had been considerable diversion of traffic from the Bombay Port and the high scale of Port charges was considered to be one of the reasons leading to such a diversion. The Committee expressed fears that the position in this regard would be worsened by this additional levy, and instead of the levy bringing in additional revenue to the Port Trust it might contribute to a heavier deficit. As regards balancing the budget of the Port, the Committee pointed out that the authorities should have tried to make the necessary adjustments by effecting substantial economy in their expenditure, and not by imposing any fresh taxation on the already overburdened trade. They concluded with a note of warning that both in the interest of the trade of the city and the finances of the Port Trust, the Board should have refrained from doing anything which would tend to drive the trade of the city.

to other quarters—a serious danger against which the need for being guarded was at present greater than ever.

A reply was received under date the 9th December to the effect that the Port Trust was excercising all possible measures for economy, and that the depression in the state of the finances was due to other reasons over which the Trustees had no control.

Proposal to treat Railway Receipts as Negotiable Instruments.

The Indian Central Banking Enquiry Committee had recommended that railway receipts should be made negotiable instruments and treated on the same footing as a Bill of Lading. On 21st September the Government of Bombay invited the views of the Committee on the above recommendation of the Banking Enquiry Committee. The Committee supported the proposal. They pointed out that, even though railway receipts were not negotiable at present, they were being passed on from merchant to merchant and a good deal of commercial transactions were effected on them. Advances of money were obtained on such receipts, and, in fact, for all practical purposes they occupied the same place as Bills of Lading and other negotiable instruments. The Committee, therefore, welcomed the proposal to give them a legally negotiable character, and suggested that railway receipts should have the same incidence as was attached to a Bill of Lading under the Bills of Lading Act of 1856.

Indian Railway Conference Association: Procedure regarding consideration of Commercial questions.

The Indian Railway Conference Association has been consulting the Committee on the Agenda before its Commercial Committee from time to time. As the Committee wanted to have full information regarding the procedure followed in the consideration of commercial questions by the Association, they addressed a letter to

the Secretary of the Association on the 31st August, requesting him to furnish full details in the matter.

The Committee were informed in reply that the Commercial Committee of the Association was empowered to consider only proposals submitted by the Government or Railways parties to the Association, that proceedings and report of the Association were not public and copies thereof were only supplied to railway administrations, that decisions of the Commercial Committee were given effect to only in consultation with the Railway Board and the Railway Administrations and that in the event of differences of opinion during the course of such consultations the proposal was reconsidered by the Standing Committee.

Freight Classification for heavy Chemicals.

In reply to letters, dated 4th May, 1932 and 6th June, 1932, received from the Indian Railway Conference Association, inviting the views of the Committee on the various subjects coming up for discussion before the next meeting of the Commercial Committee, the Committee stated that they agreed with the principle of the suggestion made by the Indian Tariff Board in their report on the enquiry regarding Chemical Industry, and suggested that the existing classification should be revised to remove the anomaly. They had no objection to the suggestion that the railway companies should be allowed to impose an insurance charge on consignments of specie of all description. The Committee agreed to the proposal made by the railway authorities in respect of quotation of freight rates by the railways to the public. They also approved of the suggestion to quote low rates for fresh fruits in waggon loads by passenger trains.

Hawkers in the Local Suburban Trains: Proposal by the B. B. & C. I. Railway to License them.

The attention of the Committee was drawn by Sir Purshotamdas Thakurdas to the proposal before the Local Advisory

Committee of the B. B. & C. I. Railway that licenses might be issued to hawkers in the local and suburban trains. According to the railway administration, the object of such a system of licensing was that the licensed hawkers would in their interest take steps to see that unauthorised hawkers did not carry on business in the trains, with the result that the nuisance of hawking about which many complaints had been made would be abated. Sir Purshotamdas Thakurdas desired the Committee's views on this proposal, so that he could place the same before the Advisory Committee as their representative.

In a letter dated 7th October, addressed to him, the Committee, while recognising the need for taking steps to remove the nuisance of hawking in trains, observed that the remedy proposed, *viz.*, the system of issuing licences, would not in any way abate the nuisance. On the contrary, they felt that such licences would give a definite standing, and even a legal position, to hawking, and far from the nuisance being abated or removed, the scheme would bring in its train additional difficulties. In an attempt to see that his trade was not usurped, the licensed vendor would come into conflict with a vendor without licence, and such scuffles and quarrels would be an additional nuisance with which the travelling public would be called upon to put up. The Committee therefore strongly opposed the proposal.

The Indian Railways Amending Bill.

The Government of Bombay invited the views of the Committee on the Bill introduced in the Legislative Assembly, in September last, to amend the Indian Railways Act, so as to provide for Railway Companies, other than State-managed or Companies working under a Charter, to own and operate unconditionally road motor services for the carriage of traffic in areas served by the Railway Company. The Committee were not convinced that a case had been made out for any such provision, and informed Government that they would not be able to support the need for any such legislation at the moment, and would await

further elucidation showing what public advantages would be gained by the proposed amendment.

The Committee also pointed out the danger of allowing large Companies and quasi-public bodies to appear on the scene in competition with private enterprise, in that after driving out competition they would not hesitate to abuse their monopolistic position by putting up rates. At the same time, they drew attention to the various suggestions which had been made by the Chamber regarding amendments necessary in the Railways Act, and expressed surprise that, instead of taking all those suggestions in a consolidated Bill, the Government should have now thought of handling the question piecemeal and should have given importance to a reform for which at any rate no definite case had been made out.

Road Rail Co-ordination Committee.

The Government of India have appointed a Committee consisting of Messrs. K. G. Mitchell and L. H. Kirkeness to enquire into the question of road rail co-ordination. In connection with this enquiry, the Government of Bombay invited representatives of this Chamber and the Maharashtra Chamber of Commerce to meet this Committee, and discuss with them the question of co-ordination of road development with railways. Accordingly Messrs. K. S. Ramachandra Iyer and M. L. Dahanukar, accompanied by the Secretary, met this Committee on Wednesday, the 2nd November, 1932.

Road Loan.

The attention of the Committee was drawn to the proposal for a Road Loan made from certain quarters for the purpose of constructing roads in the Presidency. In this connection, the Committee authorised their representative on the Bombay Road Board (Mr. Walchand Hirachand) to oppose the proposal when the matter came up before the Board, and also to propose that the

proceeds of the petrol tax should be utilised in the construction of roads out of Indian materials.

International Telegraph Service.

The Indian National Committee of the International Chamber of Commerce invited the views of the Committee on a communication received from the International Chamber of Commerce on the subject of International Telegraph Service.

In submitting their views thereon, the Committee stated that they were agreeable to the introduction of a single 5 letter system of code telegrams, provided the charges were also reduced by half, and to the unification of various reduced rate messages if such unification was achieved at quarter rates. With regard to the insurance of telegrams against errors and delays in transmission they stated that they were not for the proposal as in their opinion there was no necessity for such an arrangement. They opposed, on principle, the payment of rebates to important and considerable users of the service and also expressed their disagreement with the proposal for fixing a maximum time limit for transmission of telegrams as in their opinion any such time limit would not be feasible.

Representation of the Chamber on the Board of the Telephone Company.

The Agreement with the Government of India, under which the Bombay Telephone Company were working, provides that the Board of Directors of the Company should include one duly qualified member of the Committee of the Chamber to be nominated by the Directors of the Company. The Hon'ble Sir Phiroze C. Sethna was, in pursuance of the above provision, representing the Chamber on the Board of the Company. Sir Phiroze Sethna however ceased to be a member of the Committee from 1st June 1932, and it was represented to the Committee that he could not be considered to be representing the Committee of the Chamber on the Board after that date.

The Committee, therefore, addressed a letter to the Telephone Company on 23rd November, 1932, drawing their attention to the fact that Sir Phiroze Sethna had ceased to be a member of the Committee, and requesting them to nominate another member of the Committee in his stead.

A reply has been received from the Company to the effect that the provision referred to in the Agreement affected only the First Board of Directors, and that there was no obligation to have a representative of the Chamber on the subsequent Boards. The Committee in consultation with their Law Sub-Committee are examining the position.

II. FINANCE, TARIFF and TAXATION.

New Taxation Proposals of the Government of Bombay.

The attention of the Committee was drawn to the forecast in the newspapers about the new tax proposals of the Government of Bombay. Immediately on the 13th February, they addressed the Government pointing out that the tax-paying capacity of the people of the Presidency had been overstrained, and entering their opposition in general to any fresh taxation at a time when the country was suffering from the effects of a world depression.

They followed this up with a detailed communication on 24th February, containing their views on the new taxation proposals. They opposed strongly the proposed surcharge of half anna per unit on the consumption of electrical energy except for power purposes. They pointed out that the proposal if adopted, would impede the development of electric supply enterprises and would prove detrimental to civic progress in the Presidency.

Regarding the provisions of the Finance Bill, amending the Stamp Act, they objected to the various increases in stamp duty entailed, some of which were likely to affect the validity of many *bona fide* transactions, as the same would place further handicap on

business. They also regretted the omission of provision for a penalty clause which would make under-stamped documents valid on payment of a small penalty.

The Committee further opposed the increase in the Court Fees by the provisions of the Bill amending the Court Fees Act. They sounded a note of warning that additional taxation might re-act adversely on Government finances and that the law of diminishing returns might come into play.

Additional arrangements for the purchase of Stamps.

Arising out of the provisions of the Finance Bill (Bombay) amending the Stamp Act, so as to make brokers' notes, etc. liable to new rates of stamp duty, the Superintendent of Stamps enquired of the Committee as to the additional arrangements necessary for the sale of stamps. The Committee suggested that arrangements might be made to sell stamps somewhere near the Central Bank of India, Mandvi, as that locality was one where transactions in the commodities affected by the amended rates of duty took place.

Retrenchment and the future of the Imperial Council of Agricultural Research.

The attention of the Committee was drawn to a letter addressed to the Press by Mr. Walchand Hirachand, representative of the Federation of Indian Chambers of Commerce and Industry on the Imperial Council of Agricultural Research, regarding retrenchment and the future of the Council. Therein Mr. Walchand had opposed the proposal, placed before the General Purposes Sub-Committee of the Retrenchment Advisory Committee, to absorb the Council in the Agricultural and Veterinary Section of the Department of Education, Health and Lands. In a letter addressed to the Government of India the Committee strongly supported the views of Mr. Walchand and opposed any move to make the Council an appendage to one of the Departments of the Secretariat. They added that, while they

were keen about retrenchment in public expenditure, they were opposed to any attempt at crippling the activities of useful institutions in the name of retrenchment.

Tariff Board Enquiry regarding Protection to the Cotton Textile Industry.

The Committee of the Chamber have sent a Memorandum to the Tariff Board, embodying their views in connection with the enquiry regarding protection to the textile industry and also their replies to some of the questions contained in the questionnaire issued by the Tariff Board. The Memorandum was published in the Press.

In this connection, Mr. Manu Subedar (Vice-President) and Mr. J. C. Setalvad (a Member of the Committee) accompanied by Mr. J. K. Mehta (Secretary) were examined orally by the Tariff Board on Friday, the 26th, August.

Fiscal Commissions, conditions for Protection and their application to Companies already existing.

The Indian Fiscal Commission had recommended in their Report that concerns in this country receiving concession or protection should be subject to certain conditions, namely that they should be incorporated and registered in the country with rupee capital, that there should be a reasonable proportion of Indians on the Directorate and that reasonable facilities should be offered for the training of Indians in the industries. The Government of India had, in their resolution on the Report of the Tariff Board on Bamboo-pulp industry, *inter alia* stated that the Conditions referred to above would not apply to concerns already existing and that the same could be insisted upon only on new concerns.

In February last, the Committee had sent a telegram protesting against the implication of the position taken by Government and urging that no such exemption should be made in favour

of companies already established. On 23rd November, 1932, they addressed a further communication to the Government of India reiterating their views that the conditions stipulated by the Fiscal Commission should be insisted upon even on existing companies and that new companies should not be discriminated against, as contemplated in the resolution. It was but natural that, when an industry is receiving protection or any assistance at the cost of the taxpayer, the same should conform to certain rules and regulations as also the conditions laid down. Even Government had accepted these conditions, and, by the new interpretation sought to be laid down, the object and spirit of the same, namely development of Indian industries, would be defeated. They, therefore, urged that Government should make it clear beyond doubt that, in the case of industries for which protection is given, concerns, both old and new, would have to conform satisfactorily and in a *bona-fide* manner to the conditions which have been laid down.

Sugar Industry Protection Bill.

On 10th February the Committee sent a telegram to the Government of India disapproving of the action of Government in not incorporating all the recommendations of the Tariff Board in the Sugar Industry Protection Bill and suggesting the amendment of the Bill so as to give full effect to all the recommendations of the Board.

Depreciation of the Yen.

The attention of the Committee was drawn to the depreciation of Yen and the situation that had arisen with respect to those indigenous articles with which imports from Japan competed. The Committee addressed the following telegram to the Government of India, Department of Commerce :—

"Committee Indian Merchants' Chamber invite Government's attention to serious situation of indigenous articles with which imports from Japan compete particularly the Textile Industry owing to the collapse of the Yen and exchange

operations of Japan. Committee feel need of immediate interim action in the nature of special heavy tariffs to counter this position. Committee regret that Government should still persist in their policy of keeping the Rupee still linked with Sterling when disastrous consequences occur to Indian producers and manufacturers. It is hoped that Government will now leave off their mistaken exchange policy. Committee request Government should consider measures and if they desire consultation with representatives of Commercial Bodies Committee will send representatives as early as Government desire." Similar representations were addressed to Government from various other quarters, and as a result on 25th July the Government of India issued a communique conveying their decision to refer to the Tariff Board the question whether, and to what extent if any, the duty on cotton piecegoods, not of British manufacture, should be increased.

The Committee addressed a representation on 28th July to the Government of India regretting that Government, instead of taking immediate action, should have resorted to the circumlocutory procedure of referring the question to the Tariff Board for enquiry and report thereon. The terms of reference to the Tariff Board directed specific enquiries on the following points :—

1. Whether Cotton piecegoods, *not of British manufacture*, were being imported into British India at uneconomic prices; and

2. To What extent, if any, the duty on cotton piecegoods, *not of British manufacture*, should be increased to meet the situation.

The Committee expressed their surprise at this emphasis on goods not of British manufacture. They pointed out that appeals had been received in respect of only imports from Japan, the currency of which country had depreciated substantially, and there was no reason why Government should have laid emphasis on imports from countries other than Great Britain, instead of

concentrating on the situation created by imports from Japan. They also gave expression to the apprehension that the terms of reference, as indicated above, lent colour to the view that it might be intended in this connection to introduce a form of Imperial Preference, and emphatically pointed out that Indian commercial opinion had always been opposed to it in any shape or form whatsoever. They requested Government to make it clear that the reference to the Tariff Board was concerned only with the competition of Japanese goods with indigenous goods as a result of the depreciation of the Yen.

Anti-dumping Legislation.

It was mentioned in the previous paragraph that the Committee had stressed upon Government the necessity for taking suitable action to protect indigenous industries from the abnormal imports brought about by the depreciated exchange value of the Yen. On 23rd November, 1932, the Committee sent a further communication to the Government of India emphasising the necessity for legislation regarding prevention of dumping. They pointed out how in the present circumstances Government were not armed with sufficient powers to prevent the imports in abnormal quantities and under abnormal conditions of foreign goods to the prejudice of indigenous manufactures. Recenlty in the case of the cotton textile industry, when it had to be afforded protection against imports in very huge quantities from Japan, facilitated by the depreciation of the Yen, it was found that it could be done only after certain preliminaries, like a Tariff Board Inquiry etc., had been gone through. It was highly necessary that in situations like that it should be possible for the Government to take steps immediately, so that the same could be effective and there would not be any time for importers to forestall any measures to restrict the imports.

One reason Government put forward against taking any action against Japan in connection with the emergency referred to above was that it would be in violation of the most-favoured-nation

treatment afforded to Japan under the Indo-Japanese Convention. The Committee, however, pointed out that international jurists and writers had enunciated that the existence of the most-favoured-nation treaties would not prevent the adoption of anti-dumpting measures, and that, if in the opinion of Government such treaties were a bar to preventing dumping, it was time that such treaties were denounced.

The Committee drew the attention of Government to the increasing imports of articles, like cement, soaps, paper, shoes, etc., from Japan, and urged that they should without any loss of time arm themselves with measures calculated to prevent such dumping. In their representation, they also made it clear that in suggesting legislation to prevent abnormal imports, they were not concerned with the fine definitions, that might be given to dumping, but what they wanted was power to prevent imports facilitated in the exporting country by various forms of bounties, exchange control, restrictions, reduced freight rates, manipulation of exchange, banking facilities, etc.

Wire and Wire Nails Industry—Protection for.

The attention of the Committee was drawn to the condition of the wire and wire nails industry of the country owing to the effects of the heavy imports of these materials from Japan at reduced prices as a result of the depreciation of the Yen. Since the depreciation of the Yen, the Committee understood the prices of imported materials had declined considerably. The wire and wire nails industry is an industry enjoying the benefits of a protective tariff, and the desire to get the industry firmly established in the country by such protection would be negatived if adequate steps were not taken to protect the same from the unfair competition from Japan made possible by exchange depreciation. The committee therefore addressed a representation to the Government of India on the 31st August drawing the attention of Government to the seriousness of the situation and urging such relief to the industry by way of additional emergency tariff or by subsidies as would meet the needs of the industry to stand on its own.

Imperial Economic Conference, Ottawa.

On 6th April, the Government of India forwarded to the Committee a copy of the interpellations in the Legislative Assembly, on the 4th April, on the question of India's participation at the session of the Imperial Economic Conference to be held at Ottawa in July, 1932, and invited their views on the same. The principal item on the Agenda of the Conference, as they were informed by Government, was the discussion of a policy of trade agreements between different countries of the Empire. The Government communication also mentioned that the question of a tariff agreement embodying reciprocal preferential arrangement between Great Britain and India would be particularly considered.

On 30th April, the Committee addressed a letter to the Government of India in reply to the above communication. At the outset, they entered into a strong protest at the manner and method of choosing the personnel of the Indian delegation, without either consulting the Legislature or inviting the views of Central Commercial Associations before selecting the personnel. They pointed out that such a delegation, which consisted merely of nominees of the Indian Government, a Government which had in the past been described as a subordinate branch of His Majesty's Government, could not be considered as representative of the country, and could not, as such, claim to speak in the name of India or to have Indian public opinion behind it. They also regretted that no attempt was even made to associate representatives of Commercial Bodies with the Delegation in an advisory capacity.

Discussing the main issue before the Conference, *viz.*, "a policy of trade agreements between different countries of the Empire," the Committee unequivocally opposed any policy of Imperial Preference. They pointed out that India was not an equal member of the Empire on par with the Dominions, that Indians had been denied elementary human rights in various parts of the Empire, and that conditions had not been such as to endear the Indian mind to notions of Empire Citizenship. Therefore any question of such

economic treaties between India and the rest of the Empire should be deferred, till India had, in the matter of her constitution, attained the status of a full Dominion.

The Ottawa Trade Agreement.

On 13th October, 1932, the Report of the Indian Delegation to the Imperial Economic Conference, Ottawa, as also the full text of the trade agreement entered into between the representatives of the Governments of the United Kingdom and India, were published. The Committee, in consultation with their Finance Sub-Committee, examined both these documents in detail, and on 2nd November submitted to Government a Memorandum of their views on the same, during the course of which they pointed out that the agreement was not in the interest of India for the following, among other, reasons :—

"(1) The Agreement owes its origin not to India's needs or wishes, but to those of Britain. Having regard to the circumstances under which it has been made, and is sought to be carried into effect, it will be one forced upon an unwilling people, and is therefore not likely to promote any cordial relations between the two countries, especially at the present juncture.

(2) The Agreement will perpetuate, and extend further the present dominant position of Britain in the trade of India. This is against the very economic axiom, that to be able to get the best advantage out of international trade, a country must needs have large trade relations with the largest possible number of countries as buyers and sellers,—in other words, the widest possible markets and the widest possible sources of supply. Besides, the consequent strengthening of the economic domination of Britain will only serve to perpetuate and stiffen the political domination, in the further vested interests that it will create.

(3) The Agreement is not based on the principle of reciprocity, because whereas the United Kingdom is likely to get a substantial benefit in the Indian market, India's advantage will be very little, if any, at all. The Delegation have failed to make effective use of the existing Indian tariff in striking a bargain.

(4) The Agreement ignores the principle of reciprocity altogether in the case of the Colonies, most of which are debarred from giving us any preference and to which nevertheless we are required to give preference. In the case of the remainder we are asked to give more and receive less. Besides, agreements with the Dominions are yet to come.

(5) The Agreement will reduce the purchasing power of other countries for our goods, because we shall get our imports in a much greater proportion from the United Kingdom, and there will thus be a substantial reduction in our imports from, and therefore in our exports to, *other* countries, which is not likely to be balanced by a proportionate increase in our exports to the United Kingdom. The Agreement wholly ignores this important factor.

(6) The Agreement may lead to retaliation, active or passive, from foreign countries, the aggregate trade with which is of far more consequence to us than that with the United Kingdom.

(7) The Agreement is bound to lead to additional indirect taxation, at a time when the people are already overtaxed. Even if in future the finances of the Government of India improve, there will remain a large amount of this avoidable taxation on goods from other countries.

(8) The Agreement will seriously prejudice the growth of Indian industries in those articles in which British goods

are to receive preference and many a nascent industry will be driven out of our own home market. Even if an Indian industry in any of these articles, at any time in the future, proves its case for protection, protection will be given only on the basis of preference to British goods, as already done in the case of Steel and Textiles.

(9) The Agreement initiates a policy of industrial co-operation between Britain and India, which will reduce India to the position of manufacturing semi-finished articles, and the Indian taxpayer will be called upon to pay in order that the British manufacturer may have the benefit of turning such articles into finished products for the Indian market.

(10) The Agreement in increasing British imports into India and diverting some of our exports to Britain, will only help to tighten the stranglehold of British Shipping to the detriment of our own.

(11) The alleged safeguard of power to denounce the Agreement on six months' notice is illusory.

(12) The threatened loss of Indian trade in the British market by the imposition of a duty on certain Indian commodities, in the event of non-acceptance of the Agreement by India, is highly and unnecessarily exaggerated, because

(*a*) the United Kingdom is not likely to impose additional duties on articles of food and drink or those which are required by her for manufacturing purposes;

(*b*) the United Kingdom is not likely to reduce imports from India, so long as she desires to increase her exports to us ;

(*c*) the amount of trade which may be, if at all, in danger is so small that we shall be able to find other markets for the same, if necessary ; and

(d) the difficulty of having to find such other markets is insignificant, compared with all the disadvantages enumerated above."

Ottawa Trade Agreement and instances of Industries adversely affected.

In support of their contention that the Ottawa Agreement, if ratified, would affect adversely many nascent industries, the Committee instanced the case of the following industries :—

1. Soap Industry
2. Aluminium Industry
3. Oil Crushing Industry and
4. Bed-stead Industry.

Detailed information about these industries, together with the extent to which they will be affected, was obtained from the respective industries, and their case for being exempted from the Ottawa preferential rates was stressed before Government.

Commercial Treaties with Foreign Powers.

It was mentioned in the Annual Report of the Chamber for the year 1931 that, in pursuance of a resolution passed at the Third Quarterly General Meeting (1931) of the Chamber, the Committee had recommended to the Government of India that they should consult commercial associations in India previous to entering into commercial treaties or conventions on behalf of India with foreign powers. In their reply the Government tried to maintain their oft-repeated stand that, having regard to the nature of the Indian tariff, which was based primarily on revenue considerations, such consultation was not necessary.

The Committee addressed a further letter to the Government on 3rd November, 1932, reiterating their view, that commercia

opinion should be previously obtained before such treaties were entered into. They pointed out that the tariff policy of the country had since then undergone material changes, in that there were, over and above protective duties, proposals under the Ottawa trade agreement for reciprocal trade arrangements. It was, therefore, in future, essential that all such treaties should be the subject-matter of previous consultation with the Indian commercial community.

Again in regard to the Ottawa Trade Agreement itself, Government themselves were, by placing the same before the Legislature for ratification, affording opportunities for public opinion on the question being expressed, and it would be desirable if this wholesome procedure be adopted in regard to all commercial treaties in future.

They also pointed out instances in other countries, whereby the Governments concerned were generally consulting commercial opinion before entering into such treaties.

One serious argument of Government against such consultation was that time would not permit of the same during the negotiations of a bilateral agreement. The Committee, in reply, pointed out instances of treaties which were mooted years back, and which by the time it was formally negotiated and entered into had taken more than two or three years.

Trade agreements entered into by European countries invariably contained provisions about reciprocal facilities to citizens of contracting parties in each other's country, such as the right to enter, travel, reside, possess property, etc. Such provisions were not incorporated in the treaties entered into on behalf of India with foreign countries. The Committee suggested that in future it was necessary that provisions of this character should be added in all treaties, particularly so when disabilities in this regard on Indians in various countries have been a matter on which the Indian public has been very much agitated.

Annual Revision of Tariff Values.

The Director General of Commercial Intelligence and Statistics forwarded to the Committee a copy of the provisional tariff values for articles bearing fixed values in the import tariff schedule for the year 1938, and informed them that he would be prepared to meet representatives of the Chamber on 21st November 1932 to discuss these rates.

The Committee authorised their Import-Export Sub-Committee to discuss the matter with the Director General, after obtaining the views of merchants interested in the various articles. Accordingly the Import-Export Sub-Committee met the Deputy Director-General, as the Director-General was unable to come down to Bombay for the purpose on the said date, and discussed with him the provisional rates and the suggestions received from various merchants thereon. Some of the suggestions were accepted by him and some he promised to consider.

Imports of Cocoanut Oil.

The attention of the Committee was drawn to the situation created by the heavy imports of cocoanut oil from Ceylon, to the prejudice of the local oil milling industry. The increase in the imports, they understood, was facilitated by the disparity in prices between the imported and indigenous oil, and the difference in price was mainly due to the disparity in the relative market value and tariff value of cocoanut oil. The average price of Indian cocoanut oil is Rs. 410 per ton ; whereas the tariff value of the oil is Rs. 320 The imported oil thus pays the duty at this lower value.

The importance of the Indian oil industry has been acknowledged. The Committee therefore felt that it was essential that the local industry should be developed and they suggested to Government that assistance to this end can be afforded in more than one direction :

1. The Committee recommended the imposition of a higher scale of duty on imported oil.

2. They urged some concession in regard to the imports of the raw material, *viz.*, copra. In 1929, the Chamber had recommended the abolition of the import duty on copra. The Committee now urged that Government should at least reduce the rate of duty so that the industry may not be handicapped by shortage in the raw material as at present.

3. The tariff values of copra and oil may be fixed from time to time so as to keep parity with the market values for the same in the country.

The Committee requested that Government should examine the above suggestions and take such immediate action as would afford the industry sufficient protection to withstand the competition from the imported products.

Handicaps on the Imports of Indian Magnesium Chloride into France.

The attention of the Committee was drawn to the existence of certain handicaps on the imports of Indian Magnesium Chloride into France. The chief competitor of the Indian product in the French market is Magnesium Chloride from Germany which enjoys the preference shown below to the prejudice of the Indian product :—

	Duty on Indian Product. (per 100 Kilos.)	Duty on German Product. (per 100 Kilos.)
	Frs. 60·00	Frs. 150·0
Exchange countervailing duty.	15%	Nil.

This handicap of tariff discrimination against the Indian product stood very much in the way of developing the market for Indian Magnesium Chloride in that country. The Committee,

therefore, addressed a letter to the Government of India on 8th August 1932 drawing their attention to the above circumstances and urging that they should examine the position with a view to see whether the action of the French Government in this regard did not contravene any of the arrangements entered into for *most favoured nation* treatment for Indian goods in France.

Interview with Sir Alexander Tottenham, Kt., Member, Central Board of Revenue.

On 25th July, the Income-tax Sub-Committee of the Chamber had an interview with Sir Alexander Tottenham, Member of the Central Board of Revenue. The following were some of the questions discussed with him at the time :—

1. Double Super-tax on Investment Trusts and Finance Companies;

2. Double Super-tax on income in the hands of beneficiaries in a trust where the trustee has already paid Super-tax;

3. Income-tax Surcharge on business income;

4. Extra depreciation for machinery for overtime running;

5. Taxing the business income of a deceased assessee;

6. Convenience for the sale of stamps and stamp-papers in Income-tax offices;

and

7. Provision of adequate time for payment of Income-tax penalties.

Income-tax on Interest paid on Deposits.

A representation was received from some member firms that lately Income-tax officers were questioning the allowance as a revenue charge of interest paid on Fixed Deposits with firms and companies, and insisting that, unless the firm or company produced

the addresses of depositors, such deduction from revenue of interest paid would not be allowed.

The Committee in a communication to the Government of India, dated 16th November 1922, pointed out that deposits were usually placed with companies or firms by depositors in person or through brokers, and that as a general rule it was not the practice to record the address of such depositors. All such payments, however, are duly audited at the time of the annual audit, and there was, therefore, no necessity for Income-tax officers questioning such payments. Moreover such enquiries, they submitted, may result in frightening away the depositors, as they would like all such information being treated as confidential. Having regard to the defective condition of Indian banking, such deposits with companies played a useful part in the financing of industries, and the Committee expressed fears that, if the Income-tax authorities persisted in their enquiries, the very slender finance now available to trade and industries would be further circumscribed.

Depreciation Allowance-Enhanced Rates for Machinery running Double Shift.

In reply to the Committee's communications dated 23rd September 1931 referred to in the Annual Report for 1931 and 11th December 1931, the Central Board of Revenue informed the Committee that according to the information available to them the question of allowing enhanced rates in respect of depreciation allowance for machinery running double shift had not arisen in a practical form in the cotton textile industry in the United Kingdom. They added that Government were not prepared at present to re-consider their previous decision.

Depreciation Allowance under Income-tax Rules.

The Central Board of Revenue invited the views of the Committee on the proposal to fix the rate of depreciation for purposes of Income-tax on Reservoirs, Condensers, Pans, etc.,

used in connection with the manufacture of Salt at 2½ per cent. The Committee in a letter dated 7th January pointed out to the Board that the rate was extremely inadequate and that, having regard to the action of Salt and Brine on Materials of Construction it should at least be 5 per cent.

Revision of the List of Cotton Piecegoods.

The Director General of Commercial Intelligence and Statistics forwarded to the Committee a list of cotton piecegoods for the assessment of import duty, under No. 156–A in Schedule 2 of the Indian Tariff Act, and enquired if they had any modification to suggest therein. After consulting the merchants interested in the imported piecegoods trade, they informed the Director General that they had no changes to suggest.

Revision of the List of Articles specified in the Sea-borne Trade Returns of British India.

The Director General of Commercial Intelligence and Statistics invited suggestions regarding any additional items on the Sea-borne Trade Returns, the separate specification of which would, in the opinion of the Chamber, be desirable. After consulting the members, the Committee suggested to the Director General that the following items may be separately mentioned in the Returns :—

1. Healds.
2. Reeds.
3. Cambs.
4. Hand Pumps.
5. Bed-steads.
6. Centrifugal Pumps.

Assessment of certain Printing Press Machinery at a higher Rate of Duty.

Printing and lithographic materials are classified under serial number 98 of the Tariff Schedule, and assessed to customs duty at

10 per cent. *ad valorem*. But certain machinery required for printing, such as Guillotine—Cutting Machine, is not included in this classification, and is assessed under serial number 100 of the Schedule, *viz.*, machinery to be worked by manual or animal labour, at 25 per cent. *ad valorem*, although these machines are to be worked by power. The reason for the assessment of these machines at the higher rate according to Government, seems to be that by the addition of certain parts the machines could be made workable by hand.

The Committee addressed a letter to the Director General of Commercial Intelligence and Statistics, pointing out that there was no justification for treating such machines, which are absolutely essential for a properly equipped printing press and which at the time of importation were equipped to be worked by power, as machinery likely to be worked by manual labour and assessed accordingly. They, therefore, suggested that in order to obviate this anomaly serial number 98 of the Schedule might be amplified so as to include machinery required for printing presses, such as Cutting Machines, Card Board Shears and Card Board Cutting Machines so that the rate of duty applicable to them would not be a matter for arbitrary decision by the assessing authorities.

Healds and Reeds Industry and Duty on the Component Parts.

The Committee addressed a communication to the Government of India, drawing their attention to the fact that in several cases component parts required for a particular industry were being charged at a higher rate of import duty than the finished foreign articles with which the industry had to compete. The country was still very backward in regard to industrial developments, and it was in the fitness of things that Government should encourage and support every industrial endeavour. Even Government, in their Resolution No. 38-T (2) dated 28th March, 1925, recognised the principle that the raw materials for an industry should not have to pay a higher duty than the finished articles by referring to the

Tariff Board cases in which the development of certain industries in the country was hampered by the fact that the duty on the finished article was lower than the duty on the materials which had to be imported for the manufacture of that particular article.

Efforts were being made to start in the Presidency a Factory to manufacture Healds and Reeds, and in the process of manufacture certain finished imported materials, such as Reed Ribs, Reed Staples, Polished Brass Reed Wire and Healds Varnish, etc., had to be used. According to the existing tariff, a duty of 25 per cent. is charged on all these component parts, whereas the imported Healds and Reeds have to pay only a 10 per cent. duty. The Committee pointed out that, in the interests of the industrial development of the country, this anomaly should be removed, and that it should be laid down that, wherever such component parts are used in a particular industry in no case the duty on the same should be more than the duty paid by the imported manufactured article with which the industry is to compete.

Import Duty on Cotton.

Mr. Chunilal B. Mehta, representative of the Chamber on the Indian Central Cotton Committee, desired an expression of the Committee's views on the question of import duty on cotton, a matter which was before a Sub-Committee of the Central Cotton Committee, arising out of the reference from the Tariff Board in connection with the enquiry into the question of protection to the Cotton Textile Industry. The Committee had, at the time of the Supplementary Budget of the Government of India last year, objected to a duty on cotton, and they decided to adhere to the views then expressed.

Proposed Town Duty of Re. 1 per Bale on Imported Cotton.

The attention of the Committee was drawn to the proposal by the Bombay Municipal Corporation to levy an import duty of Re. 1 per bale of foreign cotton imported into Bombay from foreign

countries. The Committee examined the question in all its aspects. There were many reasons why such an impost was undesirable, some among them being,

(i) the objection in principle to taxing an essential raw material;

(ii) the possible effects on the cotton trade of the city and the mill industry;

and

(iii) the effect on the trade of the port in consequence of the resultant diversion of trade, etc.

On the other hand, the main reasons advanced in support of the proposal were :—

(i) that there was no reason why imported cotton should be exempt from a duty which the produce of the country was paying;

and

(ii) that the impost would protect indigenous cotton.

Though the Committee were agreed that the indigenous product should also be free from such an impost, they were not convinced that the existence of the same would be the justification for a further burden on the trade. The Committee therefore felt that the proposed levy was against the interests of the trade and the mill industry, and instructed their representative in the Municipal Corporation to oppose the measure when it came up before that body for further consideration.

Excise Duty on Spirituous Medicinal Preparations.

The attention of the Committee was drawn to certain difficulties from which the Pharmaceutical Industry in Western

India was suffering. They were (1) high rate of excise duty in Bombay on spirituous medicinal prepapations and (2) want of facility for the transport of such preparations through the Bombay Presidency. Till recently, excise duty on spirituous preparations was charged at a concessional rate of Rs. 5/- per proof gallon, instead of the full duty at Spirit rate of Rs. 25-10-0. But from the 27th June 1932, the duty was raised to the latter figure, which had the effect of making the cost of medicines containing a higher alcoholic percentage almost prohibitive. At the same time, this increase of duty placed the Western India Industry in an unfavourable position in regard to competition with products from the Madras and Bengal Pharmaceutical Works; for the duty in those Presidencies was still at the lower figure of Rs. 5/-. The Committee drew the attention of the Government of Bombay to this aspect of the matter and urged that the concessional rate of duty may be restored.

Under the rules in force, spirituous medicinal preparations of the Alembic Chemical Works, Baroda, intended for parts of the country other than British India, will be allowed to pass through the Presidency free of duty, if they are covered by a permit of the government of the importing Province concerned. It was pointed out in this connection that in certain provinces and parts of Native States there were no regulations governing the import of spirituous preparations and as such no permits were issued by such authorities. This had the effect of making it obligatory for the Company to pay the duty simply for the products being allowed to pass through the Presidency. The Committee drew the attention of Government to the injustice involved in the position, and suggested that Government should be satisfied with an export permit from the Government of Baroda, in lieu of the import permit referred to above.

Stamp Duties under the future Constitution.

In reply to a reference from the Government of Bombay, arising out of the recommendation of the Federal Finance Committee of the Round Table Conference, the Committee of the

Chamber addressed a letter to Government containing their views on the question of legislation in regard to stamps under the future Constitution. They pointed out that it was not desirable to have diversities in the matter of stamp duties on any instruments pertaining to commerce, as such diversities were bound to create confusion and might even result in uneconomic displacement of trade in extreme cases. They were, therefore, emphatically of opinion that the power to legislate for all India purposes in the matter of stamp duties on such commercial instruments should be reserved to the Central Legislature.

They also put on record their emphatic disapproval of any talk of re-introducing the stamp duty on cheques. They urged that there should be no temptation for the Provincial Governments in respect of realising proceeds of such duties, and to that end the whole question, both of financial proceeds and of legislation with regard to duty on cheques, as on all commercial instruments, should be classed as Central Subject.

III. TRADE, INDUSTRIAL AND LABOUR LEGISLATION.

Extension of the Life of the Bombay Cotton Contracts Act (1922).

The Bombay Cotton Contracts Act (1922) was due to expire on 31st August 1932. The East India Cotton Association had submitted an application to the Government urging the necessity for extending the life of the Act up to the 31st August 1933, pending legislation for the enactment of a new Act on the lines of the existing one. The Government of Bombay, on 9th January, 1932, invited the views of the Committee on the suggestion for extension. In a letter dated 27th January, 1932, the Committee strongly supported the suggestion, and at the same time re-iterated that Government should at an early date take steps to see that at the expiry of the extended period a new Act on the lines of the recommendations of the Cotton Contracts Act Committee was enacted.

Cotton Contracts Bill.

On the 18th July, the Government of Bombay invited the views of the Committee on the Bill to be introduced in the September Session of the Bombay Legislative Council in regard to cotton contracts. The legislation covered by the Bill was intended to take the place of the Cotton Contracts Act. But some of the provisions of the Bill differed materially from the law in this regard at present obtaining and were highly objectionable.

Section 4 of the Bill provided for the recognition of more than one Association for the regulation and control of transactions in cotton; whereas as the law stood at present such work was concentrated by statutory rights in one Association. The most objectionable provisions of the Bill were the Clauses which vested in the local Government powers to supersede the Board of Directors of any recognised Association by the appointment of a Board of Control to be nominated by Government whenever they thought such interference necessary.

The Committee on 3rd August replied to Government to the effect that, while they left detailed expression of opinion on the Bill to the trade itself, they were of opinion that the power to control the trade should be vested in only one properly constituted Association for the same and that they were strongly opposed to the provisions of the Bill relating to the imposition of a nominated Board by Government to suspersede the Board of the East India Cotton Association, as they felt that such interference in trade by Government was alarming at any stage and therefore strongly to be deprecated.

Licensing of Cotton Ginning and Pressing Factories.

In a communication dated 9th March, 1932, addressed to the Committee of the Chamber, the Indian Central Cotton Committee pointed out that the working of the Cotton Ginning and Pressing Factories Act had received a certain amount of criticism, and that

there appeared to be a general feeling that much of the adverse criticism would disappear if the Act were tightened up by introducing a system of licensing all Ginneries and Presses working in British India. They invited the views of the Committee on the proposal to introduce such a system.

In forwarding their views on the subject, the Committee stated that, having regard to the impending constitutional developments in the country, the time was not opportune for any legislation of the character referred to by the Central Cotton Committee.

Universal Standards for Indian Cotton.

The Indian Central Cotton Committee invited the views of the Committee of the Chamber on the question of adoption of universal standards for Indian cotton. The Committee welcomed the proposal for the preparation and adoption of such standards for cotton, as the same would remove misunderstandings and disputes, both in the internal trade and in foreign commerce. They suggested that the work of preparing such standards and settling the details in connection therewith should be entrusted to a body in which there should be representatives of growers, merchants and all connected with the cotton trade, and that such a body could also usefully take the assistance of the Imperial Council of Agricultural Research in this work. They further assured that the representative of the Chamber on the Central Cotton Committee would be glad to give every assistance in working out the details.

Amendment of Section 178 of the Indian Contract Act.

The Central Bank of India suggested that the Committee should recommend the amendment of Section 178 of the Indian Contract Act, by the addition of an explanation to the effect that Muccadums and Commission Agents in cotton in the Presidency should be deemed to be Mercantile Agents for the purposes of the section. The amendment was intended to protect the banks in advancing money to such Muccadums against the pledge of cotton

consigned to them from districts. The section, as it stood, would protect banks only if such cotton were consigned for sale or storage pending sale, but not if the same was consigned for storage only.

The Committee also received a letter from the Government of Bombay inviting their views on the application of the Bombay Chamber of Commerce, urging the amendment of the section on the lines suggested by the bank. The Committee addressed a letter to the Government of Bombay supporting the desirability of amending the section by the addition of the explanation referred to above. They, however, added that they saw no reason to restrict the amendment to cotton only, but felt that the same should cover all trades.

Recommendations of the Royal Commission on Labour.

On 8th December, 1931, the Bombay Labour Office drew the attention of the Committee to the various recommendations of the Royal Commission on Labour, which required actions by employers and their organisations, and invited their views on the same. The Committee were advised that the proper time to go into the details of such recommendations would be when the Government brought forward legislative measures giving effect to any of the recommendations. Their views in general on subjects, which had engaged the attention of the Royal Commission were on record, both in their written Memorandum to, and the oral Evidence of their representatives before the Royal Commission, and it was not thought necessary to go into the whole question once again. They, therefore, informed Government that they did not propose to examine the Commission's recommendations in detail, but that they would take the opportunity of expressing their views on such of the recommendations, as are later on brought before the Legislature in due course.

Amendments to the Indian Factories Act.

The Royal Commission on Labour had suggested various directions in which factory legislation of the country needed to be

revised and amended. In pursuance thereof, the Government of India sent to the Committee through the Government of Bombay a Bill, incorporating some of the recommendations of the Commission and inviting their views on the same. The Government themselves in the covering letter made it clear that the reference and the Bill were designed only to elicit opinions, and that the provisions of the Bill should not be taken as an indication of the views of Government on the question.

The principal amendment the Bill sought to make was in respect of the hours of work. The Royal Commission had suggested, and the Bill embodied this suggestion, that duration of the working week should be reduced from 60 to 54 hours. On this point, the Committee reiterated the views they had expressed on the question before the Royal Commission on Labour, namely, that reduction of hours would be possible only if wages could be reduced or if there was a substantial increase in the efficiency of the work people. Reduction of wages was not a practical proposition, and therefore the only alternative left was in the direction of increased efficiency, and they, therefore, could not recommend any reduction of working hours, before a radical alteration could be effected in the efficiency of the work-people. They also made suggestions on the various other provisions of the Bill.

Tea Districts Emigrant Labour Bill.

On 28th July, the Committee addressed a communication to the Government of India, through the Bombay labour Office, conveying their views on the Bill before the Legislative Assembly regarding Tea Districts Emigrant Labour. They welcomed the proposal of Government to remove restrictions on, and impediments to, the free movement of labour, and the acceptance of the principle of exercising proper control over the forwarding or recruitment of labour to Assam. They made pointed reference to the abuses in the past in regard to the treatment of labourers in the Tea plantations in Assam, and welcomed the move of Government to meet the demands of modern times for better conditions for labour. They

however regretted that the Bill had not made provision for a reasonable standard of life and work to the labourers during the years of their stay in the gardens, and that the question of hygiene and sanitation had also not received the attention it ought to. They made an appeal that all such questions, such as proper supply of water, arrangements for medical relief, educational facilities for the children of the labour classes, etc., should receive the attention of Government while putting the new legislation on the Statute Book.

They also suggested that the Controller and Deputy Controller of Emigrant Labour should be Indians with experience of work of labour and with avowed sympathies for the labouring classes. If non-Indians were to be appointed for such offices, they pointed out, they might be unable to understand the life, problems and social conditions of the labourers and might not be able to do much to help them. They stressed the importance of conceiving the idea of repatriation in a broad spirit, and suggested that in cases where labourers were not able to return to their native places for reason of want of funds for the return journey, the Controller of Emigrant Labour should have full powers to make the necessary arrangements.

Maternity Benefit Act (Bombay) Amendments to :—

On 2nd December, 1931, the Government of Bombay invited the views of the Committee on certain suggestions which they had received regarding amendments necessary to the Bombay Maternity Benefit Act. On 4th March 1932, the Committee sent their views on the same. The suggestions and the Committee's remarks are summarised hereunder :—

1. The present rate of benefit prescribed in the Act is 8 annas per day. It was suggested that the wages of women workers varied from place to place, and in the mofussil the average earning was less than 8 annas a day, and that therefore the Act may be

amended so as to allow payment of benefit at the rate of 8 annas a day or *the rate of average daily earning*, whichever is less.

The Committee were not agreeable to the change proposed and urged that the present rate of 8 annas should be maintained.

2. According to the Act, the maximum period for which a woman is entitled for payment of benefit is 7 weeks. The Royal Commission on Labour had recommended that the period should be increased to 8 weeks.

The Committee welcomed the suggestion to increase the period for which benefit was to be paid.

3. The qualifying period for being eligible for benefit under the Act is 6 months employment. A suggestion was made that the period should be raised to 9 months.

The Committee approved of the change suggested, and pointed out that the same was desirable even in the interests of employees, as an applicant for employment, who is in the initial stages of pregnancy, is otherwise likely to be rejected by the prospective employer for the fear that for a mere 6 months' service maternity benefit will have to be paid.

4. The Act provides for the payment of benefit in instalments and the Government invited the views of the Chamber on the suggestion that the benefit may be paid in a lump sum.

The Committee were opposed to payment in a lump sum, as they feared that the amount, if paid in lump sum was liable to be spent otherwise and the purpose for which the same was meant might not be served.

However, they suggested the following change in the procedure in paying the benefit in instalments :—

At present it was being paid in 3 instalments. The first of them was within 48 hours of birth. They recommended that a

portion of the benefit might be paid a few days before birth on production of a medical certificate, so that the amount might be useful in giving the patient special food, etc. which every confined woman needed.

5. Another suggestion was that a combined muster-roll and register giving such additional particulars as were necessary for the purpose of the Act for women employees might be maintained by employers.

The Committee were agreeable to this suggestion.

Workmen's Compensation Act, 1923—Bill to amend the:—

In forwarding their views with regard to the Bill to further amend the Workmen's Compensation Act, 1923, as introduced in the Legislative Assembly, the Committee stated that while they had always shown willingness to respond to any call which might be made for the amelioration of the condition of labour in the country it must be borne in mind that the various industries were passing through a period of crisis due to political and economic causes and that it was but fair that they should not be called upon to bear a burden of duty which might be beyond their power of endurance. It was necessary, therefore, to see that any contemplated measure for ameliorating the condition of labour did not result in any increased cost of production.

In submitting their views on the different clauses of the Bill the Committee stated that they were opposed to increasing the compensation allowances, as provided for under Clause 4. They suggested that Clause 14 should be deleted, as they saw no reason why the deceased workman's dependents should be prevented from approaching the employer directly without seeing the Commissioner first. With regard to Clause 19, referring to the rules to give effect to reciprocal arrangements with other parts of His Majesty's Dominions of the transfer of monies paid as compensation, the

Committee stated that they were not in favour of reciprocal agreements with the different parts of the Empire with regard to this question. They were also of opinion that the Commissioner was a competent authority, who would not distribute money in a negligent manner, and that he might be entrusted with the work of sending out compensation allowances to residents in other parts of the Empire or foreign countries. They therefore suggested the deletion of this clause.

Employer's Liability.

This is a question connected with, though not actually forming part of, Workmen's Compensation Legislation. Persons injured by accidents might have a remedy by a suit for damages against their employer in a Civil Court, but it was suggested that the law there applicable was inequitable because two defences might be evoked by the employer to defeat the claims, which he should justly be called upon to meet. One defence is that of "common employment," by which an employer can plead that an accident was due to the fault of a fellow-workman; and the other is the defence of "assumed risks", by which an employer is not liable for injuries caused to a workman through the ordinary risks of employment, and a workman is presumed to have assumed risks which were apparent when he entered upon the occupation. The Royal Commission on Labour recommended legislation to abrogate these defences, and the Government of India, through the Labour Office, Bombay, invited the views of the Committee on this recommendation of the Royal Commission.

It would appear that in 1923, when the Indian Workmen's Compensation Bill was first introduced, it had in addition to provisions for workmen's compensation, clauses designed to abrogate these defences. But these clauses were subsequently deleted, apparently because it was felt that such defences would not be accepted by Courts of Law. The Royal Commission on Labour had recommended that the ambiguity of law on this respect should

be removed, and suggested that legislation on the lines of the Clauses of 1923, referred to above, might be introduced. The Committee agreed with this recommendation of the Commission and informed Government accordingly.

Abolition of Fee-charging Employment Agencies.

On 29th June, the Government of Bombay (Labour Office) invited the views of the Committee on the questionnaire issued by the International Labour Office on the subject of abolition of fee-charging employment agencies. In reply, the Committee informed the Director of Labour Intelligence on the 25th August that the question did not arise in regard to India, as, so far as they knew, there were no fee-charging employment agencies for labour in India on the lines on which they existed in western countries. There were a few such agencies in the country for clerical labour, being mainly confined to towns, but as there were no employment agencies for labour proper in the sense in which the term was used by the International Labour Office that question did not affect this country.

Besetting Industrial Establishments for the purpose of collection of Debts.

The Government of Bombay invited the views of the Committee on the recommendation of the Royal Commission on Labour, that besetting any industrial establishment for the recovery of debts should be made a criminal and cognizable offence. The proposal was aimed at preventing two practices associated with the recovery of debts from industrial workers, *viz.*, (1) the system whereby money lenders are permitted by some employers to enter the factory and to collect their dues when the workman receives his pay, and (2) the practice of money lenders waiting just outside the factory gate and securing payment before the workman can part with any portion of his wages.

The Committee in a letter dated 7th November, 1932, addressed to the Government of Bombay, supported the proposal. At the

same time, they pointed out that such a provision by itself would not go to the root of the problem, and that a wider and more comprehensive legislation should be introduced providing for the registration of, and the issue of licenses to, money lenders, particularly of the type of money lenders, who were notoriously indifferent to the personal rights of the debtors and who took the law into their own hands. They added that as an experimental measure such a system of registration might be tried in certain selected places.

Middle Class Unemployment.

As members are aware, at the Second Quarterly General Meeting of the Chamber last year it was suggested that the Committee should examine the question of middle class unemployment in the city with a view to suggesting remedies to end or minimise the evil.

This question is engaging the attention of a Special Sub-Committee of the Chamber. The Sub-Committee are of opinion that the only possible hope for relief, even to a small extent, of middle class unemployment lies in the organisation of small scale industries. The Director of Industries of the Bombay Presidency has with him certain schemes and information regarding possibilities for small industries in the Presidency, and the Sub-Committee are getting into touch with him with a view to discussing with him the practicability of such small scale industries in the Presidency.

National Health Insurance.

The Surgeon General to the Government of Bombay invited the views of the Committee on a scheme for national health insurance. The object of the scheme was to raise funds for the maintenance of Bombay hospitals. The main features of the scheme were (1) to collect weekly contributions of two or three annas from workers and employees by way of health insurance, (2) to appoint a panel of doctors who would attend on the insured workers

and their dependants for minor ailments, to distribute funds to different hospitals in proportion to number of patients treated and (4) to maintain an ambulance service etc., etc.

The Committee, in reply, informed the Surgeon General that, in their view, the scheme was not practicable. They pointed out that the section of the population for whom the scheme was mainly intended, *viz.*, work-people, were migratory and mobile, and that it would not be feasible to make regular collections from them. They also referred to the prejudice among work-people towards hospitals, and were of opinion that they would continue to prefer a Hakim or a Vaid to an Allopathic Doctor. They, however, suggested that Government might try the scheme as an experiment for the labour they employed, and after some time place the result before the public.

XVI. International Labour Conference.

The Government of India in a Press communique, dated 10th December, 1931, announced that the XVI International Labour Conference would be held in Geneva in May 1932. The following were the subjects before the Conference :—

1. The abolition of fee-charging employment agencies;

2. Old age invalidity and widows' and orphans' insurance for workers in all occupations ; " " excepting seamen;

3. The minimum age of admission of children to employment in non-industrial occupations;

and

4. Revision of the Convention concerning protection against accidents of workers employed in loading and unloading ships.

The Government Communique also invited suggestions regarding nomination of non-Government Delegates and Advisers.

During the course of the Communique Government had defined an Association representative of Employers as one, the functions of which include that of dealing with the interests of employers as such, as regulating conditions of employment, etc. The Committee in a letter dated 7th January regretted the attempt of Government to lay down an interpretation of what constitutes an industrial organisation representative of employers. They pointed out that no state-member was at liberty to give any such interpretation and that the relevant article of the treaty of Versailles was the final word on the subject. They held that all Chambers of Commerce and Commercial and Industrial Association were representative of employers and had the right to suggest names of Delegates and Advisers for the Conference.

The following names were recommended to Government for the personnel of the Indian Employers' Delegation to the Conference:—

DELEGATE :—

Mr. R. K. Shanmukham Chetty, M.L.A.

ADVISERS :—

1. Mr. Sarabhai Prataprai, Bombay.
2. „ Ebrahim G. Currimbhoy, Bombay.
3. „ Gaganvihary, L. Mehta, Calcutta

and

4. „ K. C. Neogy, M. L. A., Calcutta.

XVII. Session of the International Labour Conference.

On 27th September, 1932, the Government of India through a press communique invited nominations for the Employers' Delegate to

the 17th Session of the International Labour Conference to be held at Geneva in May 1933. The following subjects are on the Agenda of the Conference :—

1. Unemployment insurance and the various forms of relief for the unemployed,

2. Methods of providing rest and alternation of shifts in automatic sheet glass works.

3. Abolition of fee-charging employment agencies.

4. Invalidity, old age and widows' & orphans' Insurance.

The Committee, in consultation with the Federation of Indian Chambers of Commerce and Industry, recommended the name of Mr. Ambalal Sarabhai for nomination as the employers' Delegate to the Conference.

As regards Advisers, having regard to the fact that for financial reasons Government were not able to send any Adviser for the last session of the Conference the Committee did not think it necessary to make any recommendation in this regard.

IV. GENERAL TRADE AND INDUSTRY.

Bombay Re-organisation Committee.

On 11th July, the Government of Bombay issued a Press-note, announcing the appointment of a Committee to make recommendations for the more efficient organisation of the whole machinery of Government, and for effecting all possible reductions in the expenditure controlled by the Government of Bombay. As the personnel of the Committee and its terms of reference were unsatisfactory, the Committee addressed a communication on the subject to the Government of Bombay.

They welcomed the decision of Government in appointing such a Committee, but regretted that the personnel of the same did not include

any representative of the tax-payer, as also independent businessmen. They pointed out that the Committee, if wholly composed of Government Officials, would not inspire confidence. With regard to the terms of reference, they deplored the exclusion from the scope of enquiry of the important question of recruitment and salaries of all-India services. Most of the important posts in the Provincial administration were held by all-India servicemen, and their salaries and allowances ran to a substantial amount. If this Reorganisation Committee were excluded from considering the question of expenditure on such services and were to restrict themselves practically to the salaries and wages of the provincial servicemen, clerical and menial staff, the utility of their work would be reduced to a nullity. They, therefore, suggested that, in order that the work of the Committee might be successful, representatives of the tax-payers and businessmen may be appointed on the Committee, and the terms of reference to them be enlarged so as to include the all-India services within the scope of their recommendations.

Diversion of Trade from Bombay.

The attention of the Committee was drawn to a communication addressed to the Government of India by the President of the Bombay Chamber of Commerce the Chairmen of the Millowners' Association and the Bombay Port Trust on the subject of diversion of trade from Bombay. In a communication addressed to the Government of India on this subject the Committee referred to their communication to the Government of Bombay on 3rd November, 1928, wherein they had tried to show how the diversion of trade from the Bombay Port was effected. They stated that the situation had, since 1928, worsened rather than improved on account of several factors, and pointed out that in the interests of the city and British India the situation which prevailed at present should not be tolerated any further and that efforts should be made by Government, and the commercial community acting in co-operation, towards improving the present position and restoring the Port to what it was some years back. They suggested that it was necessary to examine the problem in all its aspects, and that therefore, a representative and influential Committee should be appointed to find out the causes

and the reasons for the diversion of trade from Bombay and to suggest remedies for the same.

Joint Stock Companies—Conversion or Rupee Debt Liability into Sterling or Gold Dollar Liability:

The attention of the Committee having been drawn to the communication addressed by the Bombay Shareholders' Association to the Chairmen of Messrs. Edward Sassoon Mills, Ltd., Meyer Sassoon Mills, Ltd., and E. D. Sassoon United Mills, Ltd., in connection with the conversion of certain rupee liabilities of these concerns into sterling and gold dollar liabilities, they addressed a communication to the Government of India on the subject. They pointed out that, while they were not concerned with the question as it affected the relations of the shareholders of these particular concerns *vis-a-vis* their Directors and Managing Agents, they would like to deal with the bigger question as to whether it should be deemed to be sound in law and practice to allow the Directors and Managers to convert their rupee liabilities into sterling or gold dollar liabilities without the consent of the shareholders. As it happened in these particular instances the companies had by these conversions into gold dollar liabilities taken upon themselves heavy additional liabilities owing to fluctuation of the exchange.

As the Indian Companies' Act, as it stands at present, could not come in the way of such transactions, the Committee suggested that there was a necessity for amending the Companies' Act in the interests of the shareholding public. The necessity for amending the Act was still greater, as such an amendment would tend to restore confidence to some extent among the investing public. In the end the Committee hoped that Government would take prompt steps to stop such liabilities being incurred hereafter without the consent of shareholders.

Advisory Board under the Indian Electricity Act.

Section 85 of the Indian Electricity Act provided for an Advisory Board being appointed for each Presidency. The Committee enquired

of the Government of Bombay if any such Board had been appointed for the Bombay Presidency, and, if not, whether Government proposed to appoint one. In reply, they were informed that the question had already been considered by Government, and that it was decided that there was no necessity for the time being for a permanent Advisory Board in the Presidency.

Manufacture of Artificial Silk from Bamboo Pulp.

In reply to Committee's previous communication on this subject, the Chairman, Forest Research Institute, Dehra Dun, informed the Committee that experiments in connection with the manufacture of artificial silk from bamboo pulp were still in progress, and that it could not now be said when any definite result could be expected therefrom.

The Committee, in reply, requested that the experiments should be speeded up, and that if it was not possible to do so with the assistance of the experts locally available, experts from Great Britain or from other countries should be called out for the purposes They also suggested that the commercial and industrial communities in the country should be kept informed of the progress of these experiments.

Broadcasting of Quotations for Oil Seeds.

A suggestion was received from manufacturers concerned with oil seeds that it would greatly facilitate their trade if arrangements could be made for the opening quotations for seeds to be broadcast every day. The Committee understood that both the opening and closing quotations, in regard to various commodities, were being broadcast through the radio every day, and that in regard to oil seeds only the closing quotations were relayed. They therefore addressed a letter on the 5th August to the Indian States Broadcasting Service, suggesting that this facility might be extended in respect of the opening quotations for oil seeds also.

Charges made by the Imperial Bank of India in connection with Telegraphic instructions to Branches.

The Committee were informed that the Imperial Bank of India had recently enhanced their charges for telegraphic instructions to branches on behalf of their clients. Formerly the Bank was charging annas 12 and Rs. 1-8-0 for ordinary and express telegraphic instructions respectively, but they subsequently increased the same to Re. 1/- and Rs. 2/- respectively. The Imperial Bank contended that this increase was justified by the increase in the charges collected by Government in respect of registration of telegraphic addresses.

The Committee in a letter dated 10th August pointed out to the Bank authorities that there was no justification for the increase effected, and that at any rate the Bank should not charge anything in respect of such telegraphic instructions more than what they had actually to spend in that connection. The Bank sent a reply to the effect that it could not possibily discuss any such matters affecting their constituents with any one, except the parties immediately concerned, as in accordance with ordinary banking practice bank's dealings with others were on a confidential basis.

On 5th October, 1932, the Committee sent a rejoinder to the Bank, pointing out that the question they had raised was not one concerning the personal affairs or accounts of any one of their constituents, but one of general policy affecting the commercial community as a class and not as individual constituents of the Bank. The Chamber, as a representative body of the Indian commercial community, the Committee averred, had every right to speak on such questions of policy, and the Committee, therefore, regretted the action of the Bank in not giving the information asked for on such a technical ground.

They further asked for information whether the Bank was undergoing any loss under the old scale of charges for such telegraphic instructions, and if there was no such loss there was no

ustification, in their opinion, for increasing the rates. The Committee, in conclusion, reiterated their conviction that the Bank was in any case not justified in charging anything more than what it actually incurred in transmitting such instructions.

Hours of Business during which Exchange may be transacted through a Broker.

The Exchange Banks Association invited the views of the Committee on the proposal to reduce the hours of business during which exchange may be transacted through a broker. At present, on all days of the week, excepting Wednesdays and Saturdays, such business could be transacted between 10 a. m. and 1 p. m. and 2-30 p. m. and 4 p. m. ; and on Wednesdays and Saturdays from 10 a. m. to 1 p. m. The reduced hours proposed on all days of the week, excepting Saturday, were from 10 a. m. to 2 p. m. and on Saturday from 10 a. m. to 1 p. m. The Committee pointed out that merchants outside Fort will experience difficulties if the hours are changed as proposed, and so, for their convenience, it would be preferable if the exsisting hours were continued. The Exchange Banks Association in reply informed the Committee that in view of the difficulties pointed out they were making no alteration in the hours of business.

Use of Coal by Mills in place of Fuel Oil.

The Committee had received a representation from the Coal Merchants' Association, suggesting that they should appeal to the millowners with a view to persuading them to use Indian coal in their mills in place of fuel oil. The matter was gone into in detail by the Committee in consultation with their Industries Sub-Committee, and they had also the benefit of the correspondence exchanged on the subject between the millowners and the coal merchants on the one hand, and the coal merchants of Bombay and the coal merchants of Bengal on the other.

The Committee readily recognised that it was desirable if the use of coal could be resorted to in place of imported oil. But at the

time they felt that it was primarily a matter in which an arrangement should be reached between the coal merchants on the one hand and the millowners on the other. Any views that the Committee of the Chamber might express could only be in the nature of a pious recommendation. It was, therefore, suggested to the Committee that they should try to bring about some arrangement on the question between the parties directly concerned. To this end they decided to convene a joint meeting of a few representatives of the Bombay Millowners' Association and the Coal Merchants' Association, and accordingly they are in communication with the Associations with a view to bring about such a joint conference where the matter could be discussed in full and efforts made to come to an arrangement whereby Indian coal would be used to a large extent by the mills.

Curtailment of the Annual Statements of the Sea-borne Trade of British India.

The Director General of Commercial Intelligence & Statistics invited, on 5th May, 1932, the views of the Committee on the proposal to curtail or discontinue certain tables and appendices in the annual statements of the Sea-borne Trade of British India in order to effect economies in stationery and printing. It was also proposed to discontinue the publication of the annual statements of Sea-borne Trade pertaining to the Presidencies of Bombay, Bengal, Madras and Sind.

The Committee, in reply, expressed their surprise that, notwithstanding the complaints which had been made time and again regarding the backwardness of India in connection with statistical compilations a proposal should have emanated to curtail even such of the information as was being published. They strongly opposed the discontinuance of any of the Tables, except the Tables in the annual statements relating to the trade and navigation of the Port of Aden. It may be added that these Tables in regard to Aden are also published as a separate volume.

Treatment of Indian Traders in Portuguese East Africa.

The attention of the Committee was drawn to certain reports in the Press regarding disabilities which were likely to be imposed on Indian residents in Portuguese East Africa. The report referred to some legislation contemplated by the Government of that country, whereby it was obligatory for a foreign businessman there to have 75 per cent of his employees from Portuguese subjects, and for a new immigrant to deposit £ 100/- before he was allowed to enter that country. If these provisions were placed on the Statute Book, it would affect the interests of the Indian businessman in that country very adversely and impede the development of Indian trade with that country. On 19th April, the Committee addressed a communication to the Government of India on the subject, pointing out the hardships to which the Indian business community there will be subject, if these measures were allowed to be enacted into law, and urging the intercession of Government with a view to prevent the passing of any such legislation. The Government of India, under date 11th May, 1932, informed the Committee that they had requested His Majesty's Government to protest to the Portuguese Government against the proposed legislation, and that they understood that a vigorous protest was being made.

Interpretation of the term 'Swadeshi' by the Hon'ble Sardar Sir Rustom Vakil.

The Hon'ble Sir Rustom Vakil, Minister for Local Self-Government in the Government of Bombay, during the course of a speech at the opening of an All-India Industrial Exhibition at Poona, made certain observations on the "Buy Indian" movement, and tried to give some novel interpretation to the term. He tried to make out that the "Buy British" movement in Britain stood for the purchase of goods throughout the Empire in preference to foreign products, and deprecated any attempt on the part of the promoters of the "Buy Indian" movement to allow their programme to degenerate into a movement for excluding goods from Britain and other parts of the Empire.

The Committee issued a statement to the Press on the 17th October, 1932, in which they corrected the misunderstanding, likely to be created in the mind of the public by the Hon'ble Member's interpretation of the term "Buy British". They pointed out that the movement in England stood primarily for the promotion and patronage of British products, and that, if any Empire products had been included in such a programme, they were only articles of necessity which were not produced in the United Kingdom. The Swadeshi movement, as its name implied, was a movement for the encouragement of Indian industries, and the Committee, therefore, expressed surprise at the insinuation contained in the Hon'ble Member's speech, that a movement which was restricted to the encouragement of Swadeshi industries and did not include Empire products might not be on right lines. They pointed out that if one had to purchase articles made in his own country, he could not *ipso facto* purchase imported articles, and that any restriction of purchases to articles made in one's own country to the exclusion of articles from abroad could not be considered a wrong move.

Certification of Swadeshi Goods.

The Committee have now in operation a scheme for certifying goods, other than textiles manufactured in India and for the issue of "Swadeshi Certificates". A Special Board called "The Swadeshi Certifying Board" has been appointed, who will consider applications for such Certificates, after satisfying themselves of the genuineness of goods which are desired to be certified. In all 35 certificates have been issued so far.

Exhibition of Swadeshi Mill and Gin Stores.

The Committee held an exhibition of Swadeshi Mill and Gin Stores in the month of April, 1932. There were in all 75 stalls, exhibiting various kinds of mill and gin stores. The same evoked much public interest and was visited by a large number of people, particularly mill owners and mill agents.

Representatives of the Chamber to the Annual Meeting of the Federation of Indian Chambers of Commerce and Industry.

The following four gentlemen were nominated to represent the Chamber at the Annual Meeting of the Federation held at Delhi in the last week of March:—

Mr. Manu Subedar, (Vice-President).
Sir Purshotamdas Thakurdas.
Mr. A. D. Shroff
and
Mr. Gordhandas G. Morarji.

The Committee also nominated Mr. Manu Subedar, as a candidate for election as one of the members of the Executive Committee of the Federation for the year 1932.

Resolutions to be moved at the Annual Meeting of the Federation of Indian Chambers of Commerce and Industry.

The Federation of Indian Chambers of Commerce and Industry invited the Committee to send in drafts of Resolutions, which they might like to be moved at the Annual Session of the Federation last March. The Committee sent draft resolutions on the following subjects:—

1. Protest against the linking of the Rupee to Sterling—urging therein that it may be left alone.
2. Embargo on export of gold.
3. Opposition to the transfer of the Civil Administration of Aden.
4. Commercial Treaties with Foreign Powers.
5. Extra depreciation for overtime running of machinery.
6. Development of the Mercantile Marine.
7. Standardisation of Weights and Measures.

8. Income-tax—Carrying forward of business losses.
9. Insurance Legislation.
10. Regulating the business of Provident Insurance Companies.

Resolutions before the Third Annual Meeting of the Federation of Indian Chambers of Commerce and Industry.

The Committee at their meeting held on Friday, the 18th March 1932, resolved to issue instructions to their representatives to the Annual Meeting of the Federation to lodge a protest against the procedure adopted by the Executive Committee of the Federation in selecting subjects to be placed before the Annual Meeting, in as much as certain resolutions considered very important by the Member-bodies who had submitted the same were precluded from discussion without any reason being given.

The representatives were also instructed not to agree to any resolution which may be moved at the meeting which restricts the future legislature of India from affording all encouragement, support and protection to Indian enterprise by every device in every field of industry and commerce, even though any particular aspects of such encouragement may be discriminative against non-Indians engaged in the enterprise.

Representative of the Chamber to the Annual Meeting of the Indian National Committee of the International Chamber of Commerce.

Mr. Manu Subedar was nominated to represent the Chamber at the Annual Meeting of the Indian National Committee of the International Chamber held at Delhi in March 1932.

V. GENERAL.

The Political Situation—Arrest of Mahatma Gandhi.

Immediately on receipt of the news of the arrest and incarceration of Mahatma Gandhi, the Committee held an urgent meeting

the same afternoon, and issued a statement regarding the political situation. The same was published in the Press.

The statement voiced the Committee's regret at the refusal of His Excellency the Viceroy to grant Mahatma Gandhi an unconditional interview, and urged His Excellency to retrace his steps and grant the requested interview to Mahatma Gandhi.

The Ordinances.

On 4th January, 1932, the promulgation of Ordinances Nos. II, III, IV and V by His Excellency the Viceroy and their application to the Bombay Presidency were notified. The Ordinances were (1) the Emergency Powers Ordinance, (2) The Unlawful Instigation Ordinance, (3) The Unlawful Association Ordinance and (4) The Prevention of Molestation and Boycotting Ordinance. Some of the provisions of these Ordinances were very drastic, and the Committee, on 5th January, 1932, sent a telegram to His Excellency the Viceroy conveying their protest at these Ordinances. They felt that under the ordinary law of the land Government had ample powers to deal with any situation arising in the country. Particularly they regretted the extension of the application of these Ordinances to the Bombay Presidency, as nothing had happened in the Presidency warranting the same. They sounded a note of warning that such rule by Ordinances would inflict a serious blow to the course of trade and would affect Government finances adversely.

A Meeting of the Commercial Associations in connection with the political situation.

It was suggested to the Committee by some Commercial Associations that they should convene a public meeting under the auspices of the Chamber and the various Commercial Associations in the city to protest against the incarceration of Mahatma Gandhi and other political leaders and the promulgation and administration of the recent Ordinances. As the Committee wanted to make themselves sure that in doing so they would not be transgressing the provisions of any law, including the Ordinances and

the Order issued by the Chief Presidency Magistrate, they obtained the opinion of 3 eminent Counsel on the proposal. The opinions of Counsel were, however, divided. Even the Counsel who were of opinion that a meeting could be legally convened advised the Chamber that a *public* meeting, in the sense in which it was suggested to the Chamber, was not desirable at the moment, but that only a meeting of the members of the various Associations could be held in a public hall from which admission to the general public would be excluded. The general sense of the Committee was that a copy of the Resolution proposed to be moved at the meeting should be sent to Government in good time giving intimation of the date and the nature of the meeting, so that Government could communicate to the Chamber any views they might have on the question. The Committee convened a meeting of the representatives of the various Associations who had suggested the convening of a public meeting to ascertain if they would like a meeting to be held under the circumstances and conditions mentioned above. As they were agreeable to such a meeting, Committee addressed a letter to Government, intimating their intention to hold a meeting on the 8th February, 1932, so that Government might communicate to them their views in the matter.

The Government in reply informed the Committee that in their opinion it was undesirable that "public bodies, especially of a commercial character, should pass resolutions at the present juncture which tend to create in the minds of the general public an impression that the body passing the resolution is associating itself with a movement subversive of Government." Some members of the Committee were inclined to the view that this letter amounted to a virtual ban of the meeting. It was, therefore, decided to secure the opinion of Counsel on the same. The Associations, who had agreed to join in the holding of the meeting, were informed of the Government's reply and the opinion of the Counsel thereon, and were asked whether they still desired to have a meeting of the character contemplated. Twenty-three Associations agreed that the meeting should be held, and accordingly the Committee resolved to hold the meeting at the Hall of the Indian Merchants' Chamber on 8th March 1932.

Under date 6th March 1932, the Commissioner of Police, however, served an order on Mr. Manu Subedar, Vice President of the Chamber, restraining him from participating in the convening or holding of any such meeting. It was understood that similar orders had been served on the executives of the various other Associations who had agreed to join the meeting, and on various members of the Committee of the Chamber. On 8th March 1932, a meeting of the representatives of the different commercial associations was held, and they all felt that the notice served on the executives of the various Associations was tantamount to a notice on the respective Associations convening or holding or attending the meeting. It therefore amounted to a ban on the meeting, and, in terms of the original resolution of the Committee to the effect that if the meeting was banned it was not to be proceeded with, it was decided to abandon the idea of holding the meeting.

Federation of Indian Chambers of Commerce and Industry and Participation in the Round Table Conference Committees.

In consequence of the arrest of Mahatma Gandhi and the developments in the political situation the Federation of Indian Chambers of Commerce and Industry decided on 23rd January that no useful purpose would be served by their representative, Sir Purshotamdas Thakurdas, taking part in the deliberations of the Consultative Committee of the Round Table Conference. From certain correspondence that passed subsequently between the Federation and Members of the Government of India, it was found that Government looked upon this decision as an attitude of non-co-operation with the present Government. It was suggested by certain members of the Committee of the Federation that, the whole matter should be reviewed in the light of the above interpretation put by Government on the non-participation of Sir Purshotamdas Thakurdas in the Consultative Committee. As the Committee of the Federation were meeting shortly, the views of the Committee of the Chamber on the question were invited. The Committee in their reply dated 24th February observed that though the Committee of the Federation did

not consult Member-Bodies before they advised Sir Purshotamdas to withhold his participation, they endorsed the action taken in this regard. They added that it was not competent for the Executive Committee of the Federation to re-open the question, in view of the decision of the last Annual Meeting of the Federation laying down that the representatives of the Federation on the R. T. C. should withdraw from the Conference in case Mahatma Gandhi withdrew.

Statement of the Secretary of State for India regarding Indian Constitutional Reforms.

On 27th June, 1932, the Secretary of State for India made a statement in the British Parliament, enunciating the future procedure in regard to Indian constitutional reforms. The same differed fundamentally from the procedure and policy underlying the Round Table Conference method. On 6th July the Committee issued a detailed statement to the Press giving their views on the new policy.

They regretted the uncompromising hostility to Indian aspirations indicated by the tone and tenor of the statement of the Secretary of State, and pointed out that the change of policy announced affected both the method of approach to the Indian question and the final solution of the same. They referred to the statements made on previous occasions by Lord Irwin, the then Viceroy and Governor General of India, and the Prime Minister, explaining the scope of the Round Table Conference, which was quite different from the method now proposed of superimposing a constitution on the people of the country, in the framing of which they had no direct hand. They further deplored the change in objective contemplated under the new procedure, namely leaving the solution of the question of Central Responsibility to an indefinite future, and proceeding for the present with Provincial autonomy. They also protested against the decision to renew all the ordinances which were expiring by an all-embracing ordinance, and sounded a note of warning that the new procedure and policy were bound to meet the strongest opposition from all responsible quarters in the country.

The Report of the Representatives of the Federation of Indian Chambers of Commerce and Industry to the Second Round Table Conference.

The Federation of Indian Chambers of Commerce and Industry forwarded to the Committee a copy of the Report submitted by its representatives, *viz.*, Sir Purshotamdas Thakurdas, Mr. G. D. Birla and Mr. Jamal Mahomed, to the Second Round Table Conference, and enquired if they had any views to offer on the same.

The Report was considered by the Committee and they made some observations on the attitude of the representatives of the Federation on the question of commercial discrimination. The representatives took up the position in this connection at the Conference that they were not for exercising any discrimination *qua racial* discrimination, that is discrimination against a person or Company, because he or it was European or non-Indian company. The Committee in a letter dated the 26th August to the Federation expressed their apprehensions that if this commitment in the Report was accepted, the sovereignty of the future legislature of the country and the right to be equal in status to the other self-governing Dominions would be sacrificed. The Committee at the same time recognised the practical difficulties referred to in the report and agreed that there would have to be a 'give and take' on business terms to the mutual benefit of India and the United Kingdom on many subjects such as British capital and enterprise in India. They pointed out that any concession to the British interests in this connection ought to be by negotiations after the establishment of the Constitution, and not before the Constitution, and as part of the Constitution itself, as otherwise the disability would be statutory disability of the Legislature and it would make it impossible for India to adopt a national policy for the promotion and development of her interests and enterprise.

The Federation of Indian Chambers of Commerce and Industry and the change in procedure in regard to Constitutional reforms.

On 19th July, the Committee passed the following resolution on the above subject:—

"Committee, Indian Merchants' Chamber, resolve to write to the Executive Committee of the Federation of Indian Chambers of Commerce and Industry that, while reiterating the resolution of the last Annual Meeting of the Federation, Indian commercial opinion takes strong exception to the new procedure for constitutional reforms in India, and particularly to the remarks relating to the countenance the Secretary of State alleges to have received from commercial and financial interests in India in that new procedure, and requests the Federation Committee to declare that interests represented in the Federation have nothing whatsoever to do with such an approval of the abandonment of the Round Table Conference method."

Acceptance by Sir Purshotamdas Thakurdas of the invitation to the Third Round Table Conference.

The Committee passed the following resolution at their meeting held on the 31st October, 1932 :

Resolution.

"The Committee of the Indian Merchants' Chamber have learnt with regret that Sir Purshotamdas Thakurdas has accepted the invitation to attend the Third Round Table Conference, and entirely disapprove of his action.

The Committee further deem it necessary to point out that, having regard to the resolution passed by the Federation of Indian Chambers of Commerce and Industry at their Delhi Session last March, neither Sir Purshotamdas Thakurdas nor any other person has the right or authority to speak in the name of Commercial Community of India."

Representation of Commerce and Industry in the future Provincial Legislature.

The Government of Bombay in a letter dated 16th July 1932 invited the attention of the Committee to certain observations of the

Indian Franchise Committee in their report representation of Commerce and Industry in the Provincial Legislature. The Franchise Committee had suggested that Government should examine the desirability of some re-arrangement or re distribution of the commerce and industry constituencies. Government invited the views of the Committee on this point.

Possible directions in which re-arrangement or re-distribution could be made, according to Government, were by providing representation for any particular trade or industry or commercial interest, representation whereof was necessary for more effective representation of commerce or industry, or by abolishing a seat allocated to any commercial association whose representation served no particularly useful purpose, or by providing increased representation for any association at present represented, or by combining any two or more associations at present returning members for the purpose of returning their quota of representatives.

Government also invited the views of the Committee on the observation of the Indian Franchise Committee that the electoral rules of some of the associations, representing commercial constituencies, should be examined with a view to revision. In a letter dated 29th September, 1932, the Committee pointed out to the Government of Bombay, through the Reforms Officer, that the Chamber was the only really representative commercial organisation of the City, though there were various other organisations for different trade interests. The Chamber had 22 Trade Associations affiliated to it, and its members represented all important trades and industries. They pointed cut that so far no complaints had been raised in any quarter regarding the representative character of the Chamber or regarding any defects in the rules and regulations for the elections by the Chamber.

They suggested that the electoral rules framed by Government, governing elections by commerce constituencies to the Provincial and Central Legislature, made it necessary for firms, which were members of the association forming a commerce constituency, to nominate a representative to vote on their behalf in connection with the election

to legislative bodies. Changes in the personnel of partners, directors or managers may result in disfranchising many firms at the time of the election, as the electoral roll does not contain the name of their new representative. The Committee, therefore, suggested that firms or companies should be allowed to be registered in the roll in their own names as voters, and that any gentleman who represented them for the time being should be entitled to vote on their behalf, provided that any changes in the names of representatives be made at least one week before the date of election.

Subsequently, the Government of Bombay sent to the Committee draft amendments to the Electoral Rules, providing that in the case of Commerce and Industry Constituencies, the name of the firm should appear on the roll and that the firm should depute someone to act on its behalf in an electoral capacity. The Committee approved of these Rules and welcomed the new procedure.

Communal Award.

On 28th September, the Committee issued a statement of their views on the decision given by the Prime Minister re: Communal and sectional representation in the future Provincial Legislatures.

They reiterated their views, expressed in 1918, that they were strongly against communal representation in principle but reconciled themselves to the exigencies of the situation which necessitated the grant of such separate electorates as far as the Mahomedans were concerned. They were emphatically opposed to the extension of the system of separate electorates to other communities. Their statement mainly dealt with the disproportionately large representation given to Europeans, and particularly to European Commerce.

They entered into a detailed examination of the figures of population and the European percentage in it in the various provinces and pointed out that the Europeans in the several provinces secured one seat for every 2,266 of their total strength or a weightage of something like 15,000 per cent! In contrast with this most favoured treatment to European commerce the Committee

pointed out the injustice done to the Indian commercial community in according to them only half of the special representation given to European commerce in the provinces.

The Committee concluded their statement with an appeal to the leaders of every community to do their best to come to a settlement of this question between the communities.

Communal Award—Mahatma Gandhi's decision to fast on the question of Separate Electorates to the Depressed Classes.

In connection with the historic fast of Mahatma Gandhi on the question of separate representation to the depressed classes, members are aware that a Special General Meeting of the Chamber was held on Tuesday, the 20th September 1932, when the following resolution was passed :—

> "This meeting of the Indian Merchants' Chamber had heard with profound sorrow of the fast on which Mahatma Gandhi has started. The members of the Chamber regard the Mahatma as an irreplaceable asset of the country, whose lead on the question of the depressed classes representation in the future Constitution should be followed by all in India. They hope that a satisfactory solution will be found of the problem that has created a national crisis, and they pray that Mahatma Gandhi will be spared to them for many years and guide this country to Swaraj."

As soon as the news about Mahatma Ghandhi's decision to fast was made public, the Committee sent a telegram to His Excellency the Viceroy urging the immediate and unconditional release of the Mahatma so as to afford him facilities for the settlement of the question of depressed class representation in the future legislature. When the negotiations between the depressed class leaders and the leaders of the caste Hindus were in progress, they sent a further telegram to the Prime Minister, as also to His Exellency the

Viceroy, suggesting that in view of the strain on Mahatmaji's health by such negotiations the British Prime Minister may hold the Award in abeyance in so far as it affects the depressed classes to enable Mahatmaji to break his fast.

On 24th September, when news about the agreement between the leaders of the caste Hindus and the depressed classes was made known, they sent a telegram to the Prime Minister to immediately accept the agreement and modify the Communal Award accordingly, thus to enable Mahatma Gandhi to break his fast without loss of time.

Hindu Muslim Unity Conference—Release of Mahatma Gandhi.

On the 12th October, 1932, the Committee sent a telegram to the Viceroy expressing their pleasure at the negotiations that had been set on foot by the Hindus and Muslims to arrive at a communal settlement. They saw in this move a prelude to the re-establishment of easy political conditions in this country, which, as representatives of the mercantile community, they felt essential for the improvement of commercial conditions. To facilitate a successful termination of these negotiations, the Committee appealed to His Excellency to release Mahatma Gandhi, as his presence was absolutely essential to reach a settlement satisfactory to all parties.

The All Parties Unity Conference.

An invitation was received from Pandit Madan Mohan Malaviya to send representatives of the Chamber to the All Parties Unity Conference at Allahabad in December. The Committee nominated the following gentlemen as their Delegates—

1. Sir Currimbhoy Ebrahim, Bart.
2. Mr. R. P. Masani,
3. Mr. Gordhandas G. Morarji

and

4. Mr. Sankalchand G. Shah.

Classification of Political Prisoners.

On 22nd March, the Committee resolved to address a communication to the Government of Bombay in connection with the unsatisfactory nature of the classification of persons convicted and sent to jail of any one of the offences connected with the Civil Disobedience Movement. In doing so, they reminded Government of the correspondence which the Committee of the Chamber had in the matter in the year 1931. The rules governing such classification laid down that in deciding the class in which a person was to be placed, the executive had to take into account the social status, education and habits of the person, provided, of course, that he was not convicted of offences involving elements of cruelty, moral degradation, etc. It was also clear from the rules that the "C" class was generally meant for the ordinary jail population. The Committee drew pointed attention to regrettable procedure of shoving in almost all people convicted of political offences recently into the "C" class irrespective of all considerations governing such classification. Instances were not wanting where people enjoying a very high status in business line and whose standard of living in ordinary life was also high had been placed in the "C" class. The Committee submitted that the same was not in keeping with the spirit of the rules for classification, and urged that Government should issue instructions with a view to a stricter enforcement of the rules.

On 17th October, 1932, the Committee addressed a further letter to the Government of Bombay, drawing their attention to the growing dis-satisfaction against the procedure followed in the classification of political prisoners. Government themselves had made certain rules governing such classification, but it was generally felt that in so far as political prisoners were concerned the rules were not being observed in practice. Men and women of a high social status, academic qualifications and enjoying a high position in life, both from the point of view of their business and monetary resources, have been placed in the "B" and "C" classes. Strangely enough men, who were at the time of the last Civil Disobedience Movement placed in "A" class, were this time, it would appear, as a matter of deliberate policy, removed to the "B" and even to the "C" class. So far in Bombay, according to the

information of the Committee "A" class had been given to only 3 prisoners. The Committee illustrated their point by giving the instance of Mr. Shoorjee Vallabhdas who had been placed in "B" class. Mr. Shoorji Vallabhdas enjoyed a high social status, and in the circumstances under which he was convicted no offence was proved against him. The Committee, therefore, requested that Government should issue instructions to the Magistracy to see that in the matter of classification of political prisoners the spirit of the rules in force was not lost, and that Government should revise the classification of those already in jail in a just and fair manner.

Interview with the India League Delegation.

On 5th November, 1932, the Committee met the members of the India League Delegation, *viz.*, Miss Ellen Wilkinson, Miss Monie Whatley, Mr. Leonard Matters and Mr. V. Krishna Menon. The Delegation had been deputed to this country by the India League in London so that the League may have first hand information about the conditions prevailing here. At the meeting a general interchange of views on the situation in the country took place.

India's representation at the Lausanne Conference.

In reply to an enquiry, the Government of India informed the Committee that India was represented at the Lausanne Conference by the British Delegates who also signed on behalf of India. On 22nd September, the Committee addressed a communication to the Government of India, regretting that the Government should have been represented by British Delegates and not by their own separate delegates. They pointed out that it had been the general practice for some time past that India was represented in her own right at such international conferences and even if delegates were not sent out from the country she was represented by the High Commissioner for India in London. The Committee suggested that such a practice should be continued when India was to be represented at international conferences, and that on no account should the Government of India be represented by delegates of any other Government.

Disturbances in the City.

The Committee considered the situation arising out of the disturbances in the city. A special Sub-Committee was appointed to consider this question, and representatives of both Hindu and Moslem businessmen were invited to discuss the situation with them. Various suggestions were made at the meeting, and it was decided to send a deputation to wait upon the Commissioner of Police, Bombay, in this connection. Various points arising out of the suggestions made at the meeting were discussed with the Commissioner of Police.

At the suggestion of the Sub-Committee, the Committee addressed to the Government of Bombay a communication wherein they referred to the difficulties experienced by the mercantile community, owing to the disturbed conditions in the city. They also drew the attention of the Government to the newspaper activities with regard to large and alarming headlines and objectionable editorial matters, calculated to inflame mutual passions and feelings, and urged upon them the necessity for checking these activities, and prohibiting editorial references to issues arising out of the disturbances. They also pressed the necessity for dealing with scurrilous handbills and leaflets which were likely to add to the communal bitterness. The attention of Government was also drawn to the scheme suggested after the disturbance of 1929 wherein the formation of different Moholla Committees for the purpose of looking after their respective localities and maintaining peace and order therein had been advocated. The Committee suggested that Government should now consider the possibility of formulating a scheme to achieve the above mentioned object and added that it would be extremely helpful if His Excellency the Governor were to invite a few leading citizens of Bombay, who could thereafter be constituted as the Central Board for carrying out in detail any scheme that might emerge out of a full discussion of the question. Referring to the rounding up of Mavalis in the city they pointed out that an eventuality had arisen where the advisability of substantially increasing the amounts necessary for releasing on bail of these

Mavalis should be considered and steps taken to enable the Police to find out the antecedents of these people before they were released from the Police custody. In conclusion, the Committee offered to send a deputation to meet His Excellency the Governor for a personal discussion of this matter if he so desired.

In reply to this communication, the Government of Bombay informed the Committee that objectionable writings in the Press that were brought to their notice had been scrutinised and action taken in all cases in which they were advised by their Legal Advisers that the writings fell within the purview of the law. Either the editors and publishers had been warned or more serious action taken. They also informed the Committee that His Excellency would be willing to consider any workable scheme, which the Committee might suggest, towards enlisting the co-operation of respectable citizens and local residents in order to avoid a repetition of such occurrences in the future. They added, however, that His Excellency thought that no useful purpose would be gained by calling such a conference until a scheme was prepared by the Committee in consultation with the Commissioner of Police and submitted to the Government for further consideration. Referring to the rounding up of Mavalis in the city, it was stated that the Police were fully alive to the necessity of enquiring into the antecedents of all the persons who were rounded up in the city, and that the Government did not think that the action suggested by the Committee was called for in this connection.

Delivery of Letters and Telegrams in the disturbed areas in the City.

The Committee drew the attention of the Postmaster General Bombay, to the inconvenience caused to the business community in and near about the disturbed localities in the city for want of proper arrangements for delivery of letters and telegrams addressed to them, and suggested that delivery of letters and telegrams addressed to parties in such parts of the affected localities as are predominantly Hindu through the agency of Hindu peons and in other places as

are predominantly Mahomedan through the agency of Mahomedan peons. The Postmaster General stated in reply that the conditions in the city were reported to be normal and that there was not likely to be any difficulty in the delivery of telegrams. He also stated that on account of the large majority of telegraph peons being Hindus it would be difficult to adjust the delivery beats in areas which were predominantly Mahomedan.

In a further communication to the Postmaster General the Committee pointed out that the delivery of telegrams and letters was not regular still in some of the business areas of the city. They again drew the attention of the Postmaster General to the inconvenience caused to business men by these irregularities, and requested him to take the necessary steps to regularise the delivery of telegrams and letters in these areas.

The Riots and 'dies non' in respect of extra Dock Fees.

The Bombay Port Trust had declared the period from 16th to 22nd May 1932 as 'dies non' for purpose of calculating extra dock fees on account of the disturbances in the city. It was represented to the Committee that the period of 'dies non' should be extended as the situation in the city was not yet normal. They therefore addressed the Bombay Port Trust requesting that the period of 'dies non' might be extended to such date as normal conditions are restored in the city.

Force Majeure Certificates.

The attention of the Committee was drawn to the difficulties regarding the handling of goods in the city on account of the riots, and the necessity for issuing *force majeure* certificates. The Committee accordingly decided that the Chamber should issue such certificates for the period covered by the riots in respect of contracts which could not be fulfilled on account of the disturbances. The Committee, however, decided that the applicants for such certificates should be able to satisfy the officers of the Chamber regarding the

bona fides of their applicatoins. A fee of Rs. 15/ was fixed for the issue of the certificate.

Proceedings of the Committee and the Press.

The attention of the Committee was drawn to the reports appearing in the press from time to time about the proceedings of the Committee. The Committee regretted that information about such proceedings, which were strictly confidential, should have found its way to the Press, and reiterated the following resolution passed on 1st September, 1925 :—

> "Resolved that the attention of the members of the Committee be drawn to the fact that the proceedings of the Committee meetings shall remain always confidential, and that it is highly undesirable that the same should be communicated to the Press or otherwise published by any members."

Commercial Examinations of the Chamber 1932.

There were in all 125 candidates for the commercial examinations of the Chamber held in May 1932, being the sixth year of the examinations. Out of this, 96 candidates were for the various Diploma examinations and the remaining 29 for Single Certificate examinations. The results of the examinations showed that 38 candidates were successful in the Diploma section and 12 candidates in the Certificate section. The examinations were held in the following places :—

Bombay,	Madras,
Ahmedabad,	Lahore,
Poona,	and
Bangalore,	Karachi.

The Commercial Examination Board have also decided to institute Diploma and Single Certificate Examinations for the various branches of Insurance. The first examination in Insurance are expected to be held in 1933.

Health of Sheth Jamnalal Bajaj.

The attention of the Committee was drawn to the reports about the alarming condition of Sheth Jamnalal Bajaj's health. On 9th December, 1932, they addressed a letter to the Government of Bombay, urging upon them the necessity for the immediate and unconditional release of Sheth Bajaj, so that he may be restored to health. It was pointed out that Sheth Bajaj is a respected member of the commercial community and that his release would be very much appreciated by the business community in general.

In a reply dated 15th December, 1932, the Government of Bombay informed the Committee that they were misinformed about Sheth Bajaj's health and that he was being well looked after by the medical staff in the Yeravda Jail.

Representative of the Federation of Indian Chambers of Commerce and Industry on the Imperial Council of Agricultural Research.

The Federation of Indian Chambers of Commerce and Industry invited the Committee to nominate a gentleman in connection with the election of its representative on the Imperial Council of Agricultural Reserach. They nominated Mr. Ratilal M. Gandhi and also voted for him in the election.

Subsequently they were informed that Mr. Walchand Hirachand had been elected by majority.

Representative of the Chamber on the Governing Body of the I. M. M. T. S. "Dufferin".

As the term of office of Mr. M. A. Master, representative of the Chamber on the Governing Body of the I. M. M. T. S. "Dufferin" was to expire on 15th March, the Government of India invited the Committee to make a fresh nomination for a further period of two

years. The Committee at their meeting held on 16th February re-nominated Mr. Master.

Representative of the Chamber on the Bombay Improvements Committee.

Mr. Mathradas C. Matani was unanimously elected as the representative of the Chamber on the Bombay Improvements Committee for a period of three years from April, 1932.

Representative of the Chamber on the Bombay Road Board.

The term of office of the sitting representative of the Chamber on the Bombay Road Board having expired on the 22nd March, the Government of Bombay invited the Committee under date 29th April, 1932, to nominate his successor. The Committee at their meeting held on 14th May, 1932, nominated Mr. K. S. Ramachandra Iyer as their representative for a period of 2 years.

Representative of the Chamber on the G. I. P. Railway Local Advisory Committee.

Mr. Gordhandas G. Morarji was nominated as the representative of the Chamber on the G. I. P. Railway Local Advisory Committee for a period of two years from June, 1932.

Representative of the Chamber on the B. B. & C. I. Railway Local Advisory Committee.

Sir Purshotamdas Thakurdas, representative of the Chamber on the B. B. & C. I. Railway Local Advisory Committee, having resigned, Mr. R. P. Masani was appointed in the vacancy.

Representatives of the Chamber on the Bombay Port Trust.

Sir Purshotamdas Thakurdas and Mr. Vithaldas Kanji, representatives of the Chamber on the Bombay Port Trust from the

Cotton and Grain & Seeds sections respectively having resigned, a bye-election was held on 19th December, 1932, to fill up the vacancies, as a result of which Messrs. Bhawanjee Arjan Khimji and Mathuradas Canji Matani were returned.

The Municipal Elections, 1932.

Mr. Vithaldas Kanji was unanimously elected as the representative of the Chamber on the Bombay Municipality. However he resigned his seat in November 1932, and as a result of the bye-election held on 21st December, Raja Bahadur Govindlal Shivlal was returned to the vacancy.

Late Sir Dorab Tata, Kt.

In connection with the death of Sir Dorab Tata the Committee passed the folowing resolution:—

"The Committee of the Indian Merchants' Chamber have learnt with the deepest sorrow of the death of Sir Dorab Tata, Head of the well known House of the Tatas. In Dorabji Tata, the commercial and industrial communities have lost one of the towering personalities who had done much to develop trade and industry of the country, and the country has lost a generous philanthropist who had distributed his charities in a cosmopolitan spirit regardless of caste or creed. The Committee extend their condolences to the members of the family of the late Sir Dorab Tata and the House of the Tatas."

The Late Mr. D. M. Madan.

On 21st July, the Ccmmittee passed a resolution, putting on record their sense of loss at the sad death of Mr. D. M. Madon of the Tata Iron & Steel Co., Ltd., who had been a member of the Committee of the Chamber more than once.

The Late Mr. Surajmal Lallubhai.

On 20th December, 1932, the Committee passed a resolution putting on record their sense of loss at the sad death of Mr. Surajmal Lallubhai, who was for sometime a member of the Committee.

Membership of the Chamber.

At the beginning of the year, there were in all 450 members. During the year, 76 members were elected, and 26 members discontinued their membership (21 having resigned, 5 being struck off the Rolls for arrears of subscription,) There are thus now on the Roll 500 members.

Statement of Accounts of the Chamber.

The statement of accounts of the Chamber for the year ended 31st December, 1932, with the Auditors' Report is annexed hereto.

It will be observed therefrom that a sum of Rs. 3,248-4-0 has been received as contributions from the representatives of the Chamber on the various public bodies. The thanks of the Committee are due to the gentlemen who have made these contributions.

THE INDIAN MERCHANTS' CHAMBER.

Dr. *Receipts and Payments Account from 1st January 1932 to 31st December 1932.* **Cr.**

RECEIPTS.

	Rs.	a.	p.	Rs.	a.	p.
To Balance brought forward as per last year's account ...				35,209	13	8
„ CAPITAL FUND :—						
76 New Members @ Rs. 100 each ...	7,600	0	0			
1 New Mofussil Member payment received in advance	100	0	0			
	7,700	0	0			
Less—Admission fee of one member received last year	100	0	0			
				7,600	0	0
„ MEMBERSHIP SUBSCRIPTION :—						
372 Resident Members @ Rs. 75 each.	27,900	0	0			
63 Limited Companies @ Rs. 100 each.	6,300	0	0			
45 Mofussil Members @ Rs. 25 each.	1,125	0	0			
22 Association Members @ Rs. 125 each.	2,750	0	0			
Outstanding realised	3,300	0	0			
	41,375	0	0			
Less—Subscription outstanding ... Rs. 4,569 9 0						
Less—Last year's bad debts 7 @ Rs. 75 each and 2 @ Rs. 25 each. „ 575 0 0						
Less—Subscription received last year of 2 Mofussil Members @ Rs. 25 each ... „ 50 0 0						
	5,194	9	0			
	36,180	7	0			

PAYMENTS.

	Rs.	a.	p.
By Establishment Charges	23,171	10	3
„ Rent, Insurance & Electric Charges	3,671	7	0
„ Telephone Rent	370	0	0
„ Postage & Telegrams	1,675	6	8
„ Printing Reports, etc.	2,509	8	0
„ Printing Journal	1,211	8	0
„ Stationery	1,445	14	9
„ Commercial Examinations (including expenses, honorarium to examiners, etc.)	1,197	3	0
„ Legal Charges	1,088	7	0
„ Suspense a/c. re. Gold Bars—refunded to Mr. Chunilal B. Mehta	1,000	0	0
„ Subscriptions to Newspapers & Periodicals ...	720	12	0
„ Books for Library :—			
From Chamber's a/c.	298	3	3
From B. F. Madon Portrait Fund surplus ...	15	10	0
„ Miscellaneous Charges	236	14	3
„ Upkeep of Library	129	5	0
„ Exhibition (Mill & Gin Stores) a/c.	601	6	3
„ Carriage Hire	270	0	3
„ Chairs Hire	57	0	0
„ Commission on Advertisements in Journal ...	205	2	3
„ Auditors' Honorarium (1931)	100	0	0
„ Repairs to Typewriters, etc.	136	6	0
„ Membership subscription to the Federation of Indian Chambers of Commerce & Industry ...	150	0	0
„ Membership Indian National Committee (I.C.C).	33	0	0
„ Contribution to Indian Chamber of Commerce in Great Britain (2 Gns.)	28	8	0
„ Travelling expenses...	255	8	6

Payment received in advance of 1 new and 1 old Mofussil Member @ Rs 25 each			50	0	0	
						36,230 7 0
To Contributions from Chamber's representatives on public bodies						3,248 4 0
,, Fees for Commercial Examinations						1,732 8 0
,, Interest on Investments and Current Accounts ...						1,498 12 0
,, Advertisements in Journal						1,084 8 0
,, Subscriptions to Journal						155 0 0
,, Fees for Certificate of Origin and Arbitration ...						600 0 0
,, ,, ,, Swadeshi Certificates						706 0 0
,, Exhibition Account, rentals for stalls, etc.						425 0 0
,, Advertisements in Swadeshi Directory of Mill and Gin Stores						136 8 0
,, Advertisements in Syllabus for Commercial Examinations						30 0 0
,, Suspense Account re. gold bars—sale proceeds of the bars						958 12 9
,, Sale proceeds of Members' Lists, etc.						156 0 0
,, ,, ,, ,, Syllabus and Question Papers... ...						29 13 0
,, Sundry Receipts						37 15 0
,, Loan recovered from Peon						30 0 0
,, Deposit Account with the Central Publication Branch as per last year's statement						1 15 6
,, Suspense Account—Survey fee						30 0 0
Total Rs....						89,901 4 11

By Deposit a/c. with the Central Publication Branch Govt. of India, Calcutta							22	4 6
,, Loan to Peon (recoverable)							70	0 0
,, Furniture & Fittings							9	8 0
,, Bank Commission							2	7 0
,, BALANCE :—							40,682	10 6
,, CAPITAL FUND :—								
	Rs.	a.	p.	Rs.	a.	p.		
5% Govt. Loan of Rs. 5,000 (1945-55) at cost	5,425	0	0					
5% Municipal Loan (1959) of Rs. 10,000 at cost	8,862	8	0					
In C/a. with the Central Bank ...	18,212	8	0					
				32,500	0	0		
,, OTHER INVESTMENTS :—								
4% Port Trust Bonds of Rs. 2,000 at cost...	2,025	0	0					
6½% Development Loan of Rs. 3,000 at cost...	3,000	0	0					
				5,025	0	0		
,, CASH :—								
In C/a. with Central Bank of India ...	4,177	9	9					
In C/a. with Bank of India	7,500	9	8					
On hand	15	7	0					
				11,693	10	5		
							49,218	10 5
Total Rs ...							89,901	4 11

J. K. MEHTA,
Secretary.

MATHURADAS C. MATANI,
President.

We have examined the above account of Receipts and Payments with books and Vouchers of the Indian Merchants' Chamber and certify the same to be correct.

DEVIDAS VITHALDAS & Co.,
Auditors.

Bombay, 3rd January 1933.

I. TRANSPORT AND COMMUNICATIONS

APPENDIX I.

Rate-war by the B. I. S. N. Co. (Vide Report 1931 P. P. 117).

Letter No. 1201, dated 11th August 1932 from Chamber to Government of India, Commerce Department.

I am directed by my Committee to inform you that they have received a representation from the Conference of small Indian Steamship Companies, *viz.* The Eastern Steam Navigation Co., Ltd., Malabar Steamship Company, The Merchants Steam Navigation Company, and the National Steamship Company, pointing out to them how the unfair freight war started by the British India Steam Navigation Company, Limited, by reducing rates of freight far below the economic level has threatened their very existence and emphasising the fact that if no timely action is taken by Government to redress their grievances, they will soon cease to exist.

My Committee have several times in the past brought to the notice of Government how the unfair and the unhealthy freight war carried on by the British India Steam Navigation Company and the other British vested interests has ruined all attempts in the past on the part of Indians to build up an Indian Mercantile Marine. The question as to how Indian shipping could be developed was carefully considered by the Indian Mercantile Marine Committee appointed by the Government themselves and the entire Indian commercial community approved of the recommendation of that Committee that the best way to promote and develop Indian shipping was to reserve the Coastal Trade of India to ships owned, managed and controlled by Indians themselves. Government did not take any action on that recommendation, which had the support, as stated above, of the entire Indian commercial community. A private Bill was

introduced to reserve the Coastal Trade of India to Indian shipping, and the principle of that Bill was accepted by the Legislature by an overwhelming majority. These are well-known facts.

Government, however, were opposed to the Coastal Reservation Bill and in 1929 announced on the floor of the Legislative Assembly that a solution of the question could be found by co-operation and goodwill between the Indian and the British vested interests. A Shipping Conference was called by Government in 1930 and the Indian shipping interests responded to the call of co-operation and goodwill made by Government. The Conference, however, failed inspite of the best efforts of the Viceroy who presided, because British vested interests were not prepared to meet the other side in the same spirit of co-operation and goodwill.

Government had made it clear in 1929 that in case the Conference failed, they would explore other avenues for the development of Indian shipping so that there might be "an adequate participation of Indian shipping in the coastal and over-seas trade of India." It is over two years since the Shipping Conference failed and it is regrettable that no alternative methods have been explored by Government as promised by them on the floor of the House. On the contrary, Sir George Rainy informed the Federation of Indian Chambers of Commerce and Industry, in 1931, that no alternative methods could be explored as Government had no funds and that the matter could only be solved at the Round Table Conference. The Round Table Conference was abortive so far as this question was concerned, and my Committee regret that Government should have relegated to that arena of large and miscellaneous discussion a simple and clear issue of this kind, on which Indian opinion has been unanimous and has repeatedly made requests for the establishment of safe conditions of bare existence for small Indian

shipping companies. The position, therefore, is that while the Indian interests have responded to the call of Government for showing co-operation and good-will, the British vested interests have done nothing of the kind and Government have merely continued to remain as onlookers without taking a single step to implement their oft-expressed and accepted policy of taking early steps for providing for "an adequate participation of Indian shipping in the coastal and over-seas trade of India", while the Indian shipping companies find that their very existence is at stake owing to the unfair rate wars carried on by the British India Company and the other British vested interests.

Under the circumstances, my Committee are convinced that there is a greater justification for the universal Indian demand for the reservation of the coastal trade of India to Indian shipping as the only effective method for the development of an Indian Merchant Navy, and my Committee, therefore, urge upon Government with all the earnestness that they possess to take early steps for the reservation of the coastal trade of India to Indian shipping, if they are serious in implementing their recognised policy for developing Indian shipping both in the coastal and the overseas trade of India. My Committee recognise, as stated by the Conference of the small Indian Steamship Companies in their letter dated the 24th May to the Commerce Member, "that unfortunately the times are such that it is not so much a question of the development of Indian shipping as the protection of the Indian shipping that exists, that requires very serious consideration", and my Committee strongly support the demand of that Conference that Government should be pleased to take effective emergency action at a very early date not only to prevent small Indian steamship companies being wiped out of existence, but to enable them to develop as an integral part of Indian shipping. My Committee will feel grateful if Government would be pleased to let them know what immediate steps they propose to take to redress the grievances of the small Indian steamship companies before it is too late.

My Committee would earnestly request Government to let them know whether they propose to reserve the coastal trade of India to Indian shipping as the only effective method of carrying out their accepted policy of developing an Indian Mercantile Marine, or whether they have thought out any other alternative method of achieving that result.

Hoping this will receive your very early and favourable consideration.

Letter No. 15 M 1 (2) 32, dated 28th February 1933 from Government of India to Chamber.

With reference to your letter No. 504. (reminder) dated the 13th February 1933 on the above subject, I am directed to say that the matter is under the consideration of the Government of India.

APPENDIX 2.

Renewal of Mail Contract.

Letter No. 6142-G, dated 12th July 1932 from Government of Bombay, Revenue Department to Chamber.

I am directed by the Governor-in-Council to forward a copy of the letter from the Director General of Posts and Telegraphs, No. 3. F. M./32, dated 2nd May 1932, and of its accompaniment and to inquire whether you have any suggestions to make for the modification or improvement of the existing mail services provided by the British India Steam Navigation Company.

Copy of letter from the Director General of Posts and Telegraphs, No. 3-PM/32, dated 2nd May 1932.

I am directed to inform you that the Agreement with the British India Steam Navigation Company, Limited, for the conveyance of mails will expire on the 31st January 1934. The services provided for are shown under Clause 6 of the Agreement, a copy of which is enclosed.*

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* (The agreement is not printed here but can be had from the library of the Chamber No. Ry. 160.)

2. The question of making arrangements for the conveyance after 31st January 1934 has now been taken up, and the Director General will be much obliged if you will favour him with any suggestions that the Government of Bombay may have to offer for the modification or improvement of the existing mail services.

3. It has been calculated that owing to the opening in 1929 of the land route between Baghdad and Haifa, the Indian Post Office is losing over a lakh of rupees annually for the maintenance of the service on line No. 11 (Fast Gulf Service). As there are other services touching at all the ports in the Persian Gulf, there is no necessity for the Fast Service from a postal point of view, and it is under contemplation to omit the Fast Service from whatever arrangements may be made for the future.

Letter No. 1302, dated 25th August 1932 from Chamber to Government of Bombay.

I am directed by the Committee of this Chamber to offer the following observations, in reply to your letter No. 6142-G, of the 12th July 1932, in connection with the arrangement to be made for a new agreement for the conveyance of Mails on the expiry, on the 31st January 1934, of the present agreement with the British India Steam Navigation Company, Limited.

My Committee have to remind you of the policy recognised and accepted by the Government of India to develop an Indian Mercantile Marine by providing for "an adequate participation of Indian shipping in the Coastal and Overseas Trade of India" to which they have given expression on several occasions during the last 4 to 5 years. In view of this accepted policy of the Government of India, my Committee wish to urge upon Government the necessity of utilising this opportunity of taking suitable action for enabling Indian steamship companies to carry the Mails on the Coast by giving them such subsidies

as the circumstances may justify. My Committee are, therefore, of opinion that Government should invite public and open tenders for the conveyance of Mails and should also write to the various Indian steamship companies on this subject. My Committee are further of opinion that preference should be given for the conveyance of Mails to companies which have got a majority of Indian Directors, have at least 75 per cent of Indian shareholders and are managed by Indians.

My Committee further wish to emphasise the fact that the tenders need not be invited for all the 14 services jointly, but may preferably be invited separately for all these different services.

My Committee consider it essential that certain conditions should be laid down for the acceptance of such tenders. These conditions may be summarised as under :—

(1) The company or companies which will be entrusted with the work of the conveyance of mails shall not enter into an unhealthy freight war with one another or with other companies plying on the coast by reducing the rates of freight below the economic level.

(2) Such company or companies shall not offer deferred rebates to their constituents.

(3) Such companies shall take cadets who pass out of the I. M. M. T. S. "Dufferin" as apprentices on board their steamers.

(4) Such companies shall be under an obligation to appoint as officers, as large a percentage as possible, on their steamers apprentices referred to in (3) above when they obtain their certificates of competency.

APPENDIX 3.

Constitution of the Bombay Port Trust—Indianisation of

Letter No. 813, dated 29th June from Chamber to Government of Bombay, Marine Department.

I am directed by the Committee of this Chamber to address you on the above subject as under :—

The present constitution of the Bombay Port Trust absolutely secures a majority to Europeans in the Port Trust, and is, therefore, most unsatisfactory from the Indian point of view. The trade of Bombay, in the sense of export and import, is all Indian, even if the party immediately handling it, either as export or import, is non-Indian. In no part of the world is any place given to non-nationals in the management of any port outside India.

The anomaly will be all the more serious, when full provincial autonomy is established, as, if the Act is allowed to stand as it is, it would take away out of the control of responsible Minister, and place in the hands of a statutory body with a standing foreign majority, important affairs of the Port and the capital city. The time has, therefore, come to revise the Act, and particularly Sections 5 and 7, which refer to the constitution of the Port.

The direct result of the above anomaly is a preponderance in all higher offices of non-Indians, in spite of the need for Indianisation being prominently brought forward from time to time by representatives of Indian commerce. Notwithstanding all this, many services of superior grade are still almost completely closed to Indians, and in other services a very limited number of Indians is admitted. The offices of the Chairman, Deputy Chairman and the Secretary have, in spite of many years' efforts, been still confined to non-Indians. It cannot be

suggested for a moment that competent and proper parties are not available for this, nor can the contention be put forward, as has been done in other cases, that the privileges of an established covenanted service, like the I. C. S., are being attacked.

It seems altogether anomalous, after the declaration of the Prime Minister, that there is still a minority of Indians in what is after all a subordinate Executive body with limited authority for the specific purposes of the management of the port.

The Committee venture to hope that in view of these reasons Government of Bombay will introduce necessary legislation, after consultation with commercial bodies, securing a definite majority of Indians in the Bombay Port Trust.

Letter No. 9106-C, dated 4th August 1932 from the Government of Bombay to Chamber.

I am directed by the Governor-in-Council to refer to your letter No. 813, dated the 29th June 1932, on the subject mentioned above, and to observe as follows:—

2. In the opinion of the Governor-in-Council it is not correct to say that the present constitution of the Bombay Port Trust absolutely secures a majority to Europeans. Out of 22 seats on the Port Trust Board, 9 are practically assured to Indians, *viz.*—

5 Trustees (elected) representing the Indian Merchants Chamber,

2 Trustees (elected) representing the Municipal Corporation,

1 Trustee (nominated) representing Labour,

1 Trustee (nominated)—the Municipal Commissioner.

The present elected representative of the Millowners' Association on the Board happens to be a European but former representatives of this Body were Indians and the seat is

regarded as representing Indian interests. It is true that the Chairman and 8 Nominee Trustees are appointed by Government. The Nominee Trustees are however selected, irrespective of their nationality by virtue of the office they hold and because the experience gained therein is of special use in the administration of the Trust. Six out of the 8 present Nominee Trustees are Europeans but there is every possibility that at no very distant date the Indianisation of the Services will result in certain of the posts in question being held by Indians. Moreover, out of the 13 elective Trustees, 5 only represent European interests (*i. e.* the Bombay Chamber of Commerce) while 8 represent Indian interests (*viz.* the Indian Merchants' Chamber, 5, the Bombay Municipality 2 and the Millowners' Association 1).

3. The statement made in your letter that the trade of Bombay is all Indian cannot be justified. Apart from the fact that a very large amount of British capital has been invested in business enterprises in Bombay and India generally, British merchants have been trading in Bombay for over 2½ centuries and British shipowners have a preponderating interest in the overseas trade of Bombay and the administration of its port. In this connection the Chamber's reference to "non-nationals" and "foreign majority" is not understood. The European members on the Bombay Port Trust Board are all British subjects and represent interests which have a vital stake in the country.

4. As regards the Indianisation of the Port Trust service, as your Chamber are aware, the matter has been receiving close attention from the Trustees for the past 10 years ever since, in 1922, they laid down that "the Trustees are fully agreed on the principle that the number of Indians in the higher grades of the service should be increased as opportunities occur and that all new appointments should be thrown open to Indians, who should be given preference of selection as far as may be consistent with efficiency." Government understand that there is not a single department in the Trust in which

Indians are not being trained and encouraged to qualify themselves by experience to rise to the highest grades in course of time. Junior Indian engineers in the service of the Trust, both in the Civil and Mechanical branches, have been sent to Great Britain at the expense of the Trust to obtain the necessary training and experience in Port and Marine Engineering. Valuable scholarships have also been founded for Indian cadets of the Training Ship "Dufferin" as an inducement to the holders to qualify for admission to the Bombay Pilot Service after gaining the requisite sea experience. The latest recruit to the Berthing Master's service is an Indian. Four Indian probationers with selected educational qualifications have been appointed recently in the Docks Department with the prospect of ultimate promotion to the highest grades in that branch of the service. The Trustees' Chief Accountant is a statutory Indian, and the Deputy Accountant and the Deputy Secretary are both Indians who officiate in charge of their respective Departments when there is a leave vacancy. Incidentally it may be mentioned that the post of Deputy Chairman has been held in abeyance for financial reasons. That the Port Trust service is being progressively Indianised is evident from the fact that ten years ago out of 28 posts graded at over Rs. 1,000 per mensem (excluding Pilots and connected services for which qualified Indians are not yet available) only 2 (or 7·1%) were held by Indians, while at the present moment out of 25 such posts, 7 (or 28%) are held by Indians. The Governor-in-Council considers that the statement in your letter that "many services of superior grade are still almost completely closed to Indians, and in other services a very limited number of Indians is admitted" is not justified by the facts.

5. In the circumstances stated above, Government see no reason to undertake legislation to amend the Bombay Port Trust Act, 1879, on the lines desired by your Chamber.

APPENDIX 4.

Surcharge on the Bombay Port Trust Charges.

Letter No. 1788, dated 4th November 1932 from Chamber to the Secretary, Bombay Port Trust.

I am directed by my Committee to address you in connection with the levy of a 12½ per cent. surcharge to the Port Trust charges from the 1st October 1932. They note from the proceedings of the Board of Trustees of the Port Trust that the representatives of the Chamber were opposed to the proposal and that the same was passed by the Board in spite of their protests.

My Committee have, time and again, pointed out the necessity for larger representation of Indian Commerce on the Port Trust, so that such proposals to which the entire Indian commercial community is opposed may not be given effect to, as has been done in the present case; and such instances go to strengthen their claim for adequate and effective representation on the Trust.

This additional levy is imposed on the trade and commerce of the City at a time when, as has been accepted by all, trade is still suffering from the blightening effects of a comparatively long period of depression. There has not been so far any sign of a revival and at such a time, my Committee submit, one would have expected the Port Trust, instead of adding to the difficulties of the trade by increase in charges, to try if the burden of such charges could be reduced.

Futhermore, recently there has been considerable diversion of traffic from the Bombay Port, and the Port Trust authorities themselves have recognised the seriousness of such a diversion and have expressed their anxiety to see the same ended. It has been suggested that the high scale

of Port charges is one of the reasons leading to such a diversion. When there is already a feeling of dissatisfaction on the scale of Bombay charges, any increase in the same, my Committee submit, will only help to further divert the traffic and add to the discontent referred to above.

My Committee recognise that there has been a deficit in the Port Trust revenues, and that the need for balancing the same is imminent. They are constrained to observe that the Trust authorities should have tried to make the necessary adjustments in their finances, by making substantial economies in their expenditure and not by imposing fresh taxation on the over-burdened trade, and incidentally helping, however unconsciously, the diversion of the traffic to other ports.

My Committee would like to sound a note of warning both in the interest of the trade of the City and of the finances of the Port Trust, that this method of trying to bridge the gap in revenues by additional taxation is of doubtful utility. It may, on the other hand, drive the trade of the City to other quarters a serious danger against which the need for being guarded is now greater than ever.

Letter No. 3992, dated 9-12-1932 from the Chairman, Bombay Port Trust, to the Chamber.

With reference to your letter No. 1788 dated 4th November 1932 on the subject of the recent levy of a 12½ per cent surtax on Port Trust charges (with certain exceptions), I have to observe that all the points which your Committee have raised were thoroughly considered by the Trustees before finally deciding on the increase in question.

Dealing categorically with your comments, I would point out, with reference to para 3 of your letter, that the Trustees were most reluctant to impose any additional burden on the trade of the port at a time of such prolonged and unparalleled

depression. They refrained from doing so as long as possible,—until, in fact, no other alternative was practicable. It must be remembered that the Port Trust was one of the few public bodies which had avoided increasing its charges for close on a decade; during that period it had, on the contrary, succeeded in effecting various reductions in charges representing in the aggregate a saving to the Trade and Commerce of Bombay of over one crore of rupees. Many other Port Administrations and public bodies had been obliged to levy substantial increases long before this course was forced on the Trust. It was not until the port revenues had fallen off to the extent of over Rs. 70 lakhs per annum, and the Revenue Reserve Fund,—having borne two years' deficit amounting to over Rs. 37 lakhs, was nearing depletion,—that the Board reluctantly decided that they could no longer avoid a temporary increase in charges if they were to provide for "the due fulfilment of all their liabilities", as laid down by the Port Trust Act. After the fullest consideration, the Trustees decided to levy a surtax of 12½ per cent only. The estimated additional return from the increase levied is Rs. 14 lakhs per annum,—a figure which falls far short of the further anticipated deficit in revenue. In these circumstances it is difficult to follow your suggestion that the Trustees did not show full appreciation of the difficulties under which Trade was labouring, and that an endeavour should have been made to meet the situation by reducing charges.

With regard to your fourth paragraph I presume, that you refer to diversion of trade to the Kathiawar Ports. The Trustees have for some years past been fully alive to the trade inducements which these ports are in a position to offer by way of very low, and in some cases purely nominal, port charges. The Port Trust and the Bombay Chamber of Commerce have on numerous occasions drawn the attention of Government to the increasing danger of diversion and to the serious loss

involved to the revenues both of the Port of Bombay and of Government. It is, however, obvious to every one conversant with the facts of the situation, that such diversion as has taken place is not due to the incidence of the charges levied by this Administration. The real cause is described in paras, 242-244, of the Report of the Indian States Enquiry Committee (Financial) 1932 and in para, 1 of my introduction to the Bombay Port Trust Administration Report for 1931-32, to which I beg to invite the attention of your Committee. It is impossible for ports which must finance their entire capital and working expenditure out of their dues on goods and shipping to compete with ports subsidised out of Customs revenues. The repeated protests which the Port Trust has made to Government against this unnatural competition have been strongly supported on several occasions by the Bombay Chamber of Commerce and I venture to suggest that a similar measure of support from your Chamber is very desirable in the interests of the Trade of Bombay. It must be remembered that the Port of Bombay has a capital debt of some Rs. 22 crores, which absorbs Rs. 128 lakhs a year, or 57 per cent of the total revenue, in interest and sinking fund charges. This means that out of every rupee of revenue collected, only about 7½ annas is available for working expenditure. The Bombay Port Trust scale of charges is no higher than that of other Major Ports which have had to expend large sums on their development; in some cases the Bombay charges are considerably lower than those of other ports.

In your penultimate para, you express the opinion of your Committee that "the Trust authorities should have tried to make the necessary adjustments in their finances by making substantial economies in their expenditure and not by imposing fresh taxation on the over-burdened trade". As your representatives on the Port Trust Board are well aware, the Trust has been carrying on an intensive retrenchment campaign for the past 8 years, as a result of which it has succeeded in reducing

its controllable expenditure by Rs. 31 lakhs a year, or nearly one-third. The permanent staff has been reduced by over 25 per cent; the temporary staff by 40 per cent; the wages, acting and leave allowances have all been substantially cut and the schedule of senior grade pays for new and promoted incumbents has been reduced from top to bottom by an average of 15 per cent. The latter retrenchment is progressive and its full effect cannot be felt for some years. It is entirely due to this consistent and drastic policy of retrenchment, and to the avoidance of new capital borrowings for the past 7 years, that the Trust was able to whether the economic storm for so long without levying any increase in charges and it is hoped that, in view of this explanation, your Committee will agree that the comment quoted above is not justified by facts. This Administration will continue to make every effort to curtail expenditure still further and it is the Trustees' intention to withdraw the present surtax immediately the financial position warrants such a step. This is necessarily dependent, however, on trade recovery; all that the Trust can do meanwhile is to pursue rigorously its policy of restricting expenditure to the absolute minimum necessary for the efficient working of the port.

APPENDIX 5.

Proposal to treat Railway Receipts as Negotiable Instruments.

Letter No. 9712/D, dated 21st September 1932 from the Government of Bombay, Finance Department, to Chamber.

I am directed to forward herewith a copy of letter No. 3320-T, dated 1st August 1932 from the Government of India, Railway Department (Railway Board), on the subject mentioned above, and to request that Government may be favoured with the views of your Chamber on the proposal contained therein.

2. A copy of paragraph 283 of the Report of the Indian Central Banking Enquiry Committee is enclosed herewith for ready reference.

Letter from the Government of India, Railway Department, (Railway Board), No. 3320-T, dated the 1st August 1932 addressed to the Secretary to the Government of Bombay, Public Works Department:—

I am directed to refer you to paragraph 283 of the report of the Indian Central Banking Enquiry Committee, 1931, in which the Committee recommend that railway receipts should be placed by the legislature on the same footing as bills of lading, and that they should also be made negotiable. I am to request that with the permission of His Excellency the Governor-in-Council, the Railway Board may be furnished with the views of the local Government, in consultation with local commercial interests concerned, on the recommendation of the Indian Central Banking Enquiry Committee.

2. I am to add that the Board are also addressing the Federation of Indian Chambers of Commerce and the Associated Chambers of Commerce for an expression of their opinion.

Copy of Paragraph 283 of the Report of the Indian Central Banking Enquiry Committee.

283. The subject of railway warehouses leads us naturally to a consideration of the question of railway receipts, *i. e.* receipts granted by the railways for the transport of goods from one place to another. In connection with the marketing of produce, we have referred to the use to which these railway receipts are put. They are either attached to the *hundis* or drafts on the purchaser of the goods, or are sent to the consignee to enable him to raise an advance on the security of the receipt with which to pay the *hundis* or drafts when they arrive. At present these receipts are not negotiable or transferable. They

do not give either a full or a correct description of the goods. They are not also in the same position as bills of lading as, with the passing of the Indian Contract Act, the provision of the Factors Act making pledge of documents of title to goods equivalent to the pledge of goods has been abrogated. The decision * of Justice Waller of the Madras High Court clearly enunciates that banks do not get safe security in the shape of a railway receipt which is endorsed to them. Without going into all the legal complications involved in the interpretation of the sections of the Indian Contract Act and the new Sale of Goods Act, we recommend that a railway receipt should be placed by the legislature on the same footing as a bill of lading. This will dispense with various devices that have been suggested to make the railway receipt a valid security, such as the pledger addressing a letter to the railway company advising the company that he has transferred his interest in the goods to a bank, the bank in forwarding the pledger's letter instructing the railway company to hold the goods to its order and the railway company being prepared to accept such instructions. We also recommend that railway receipts be made negotiable and that the railway authorities should issue instructions that the receipt should give as full a description as possible of the goods covered by it.

Letter No. 1592, dated 29th September from Chamber to Government of Bombay.

With reference to your letter No. 9712/D, dated 21st September 1932 on the above subject, the Committee of this Chamber have considered the same, and are of opinion that Railway Receipts should be made negotiable instruments. Even though they may not at present be negotiable, they are being passed on from merchants to merchants, and a good

* Judgment delivered on the 7 th January 1930 in Official Assignee of Madras *versus* Mercantile Bank of India.

deal of commercial transactions are affected on them. Advances of money are obtained on these railway receipts and, in fact for all practical purposes, they occupy the same place as Bills of Lading and other negotiable instruments, and there is no reason why they should not be given legally a negotiable character as the other documents. My Committee, therefore, suggest that Railway Receipts should have the same incidence as is attached to a Bill of Lading under the Bill of Lading Act of 1856.

My Committee also recommend that Railway Receipts be made negotiable and that the railway authorities should issue instructions that the receipts should give as full a description as possible of the goods covered by it.

APPENDIX 6.

Indian Railway Conference Association—procedure re-consideration of questions.

Letter No. 1351, dated 31st August 1932 from Chamber to the Indian Railway Conference Association.

I am directed to acknowledge receipt of your letter of the 9th instant, No. T. 97/VI/1. The Transport Sub-Committee of the Chamber are considering the reference.

In the meanwhile my Committee will be much obliged if you will be kind enough to inform them as to what is the procedure followed in regard to the consideration of commercial questions by your Association. The Agenda before the Conference includes several times questions relating to freight. My Committee would like to know if such questions have to be forwarded by the different railways concerned for inclusion in the Agenda or whether commercial firms and Associations can request you to include particular questions of freight etc., in the Agenda.

You will also kindly let my Committee know the different freight questions considered by your Conference since its inception. If such a list is not available, you will please send me Reports of your Association for the different years, as they may contain information required by my Committee.

My Committee would also like to have information regarding the procedure governing decisions on questions considered by your Association, *i. e.*, whether the different railways at once make the necessary changes, or whether these decisions have to be submitted to Government who ultimately ask the railways to make the consequential changes.

Letter No. T 97|VI 3, dated 8th September from the Association to Chamber.

With reference to your above, I beg to reply as under:—

Your para 2.—The Commercial Committee is empowered only to consider proposals submitted by the Government or Railways parties to the Association.

Your para 3.—The proceedings and Reports of this Committee are not public and copies are only supplied to Railways parties to the Association.

Your para 4.—The following procedure is followed in giving effect to the recommendation of the Commercial Committee :—

(*i*) No alteration or addition is made in the General Classification of Goods or in the General Rules pertaining to Coaching and Goods traffic in through booking until it has been approved by the Commercial Committee for Interchange, and in the case of the former, by the Railway Board in accordance with the following procedure :—

All applications :—

(*a*) For changes in class as entered in the General Classification,

(*b*) For the classification of new commodites, are submitted to the Secretary, who obtains the views of the Commercial Committee for Interchange and if approved by them circulates the proposal for the opinion of all railways. Railways not replying to this reference within 40 days of date of issue are assumed to have consented to the proposal.

(*ii*) In the absence of any dissent from railways, a recommendation is submitted to the Railway Board on behalf of the Committee and on receipt of sanction, the alteration is notified to railways.

(*iii*) Proposals for alterations in the General Rules are dealt with in accordance with the same procedure, but in regard to these, application to the Railway Board is not required, except in cases where it is proposed to alter rates or conditions laid down by the Railway Board.

(*iv*) In the event of dissent being received from any Railway and the Commercial Committee for Interchange not being able to obtain unanimity, the proposal is referred to the Standing Committee.

APPENDIX 7.

Freight Classification of Chemicals—Carriage of Specie.

Letter No. T. 97/V 1, dated 4th May 1932 from the Indian Railway Conference Association to Chamber.

I am directed to forward, for your information, particulars of subjects which will be discussed at the next Meeting of the Commercial Committee, fixed for Wednesday, the 13th July 1932 and request that you will favour me with the views of your *Chamber* on the proposals before the 13th June 1932. It will not be possible to place views received after this date before the Commercial Committee.

Particulars of Subjects to be discussed at the July Meeting of the Commercial Committee for Interchange.

(1). *Subject:—Heavy Chemicals-Remarks on Rating by Indian Tariff Board.*

The following proposal from the Railway Board and the Chief Commercial Manager, East Indian Railway, regarding rates for carriage of chemicals will be considered:—

1. Letter No. 3885-T, dated the 26th October 1931, from the Deputy Director, Railway Board, to the General Secretary Indian Railway Conference Association :—

I am directed to forward herewith an extract of para 121 of the Report of the Indian Tariff Board on the Heavy Chemical Industry and to request that it may be placed before the Commercial Committee for Interchange of the Indian Railway Conference Association for consideration and the result reported to the Railway Board in due course.

Extracts from Report of the Indian Tariff Board on the Heavy Chemical Industry, Chapter X.—Railway freights, paragraph 121.

* * * * *

121. Goods rating.—In order to understand the effect of the cost of transport of the raw materials and of the finished products on the development of the industry, it is necessary to explain some of the general principles governing the determination of goods rates. We do not propose to go into the various intricacies of goods rating from the point of view of railway administration or railway economics. Fixation of rates, however, must to some extent be experimental, and alterations are made as fresh facts are brought to the notice of the railway authorities. No apology, therefore, is needed for bringing to notice such anomalies in rating as have been observed by us in the course of our enquiry and the adjust-

ments in railway rates necessary for the organisation of the chemical industry on an economic scale in India. For the purpose of rating, goods are divided into ten classes. Each class has a minimum and maximum rate. Within these limits the railway administrations are generally at liberty to vary the rates. For the first two classes the minimum rate is ·1 of a pie per maund per mile. For the other classes the minimum rate is ·166, that is to say, 1/6th of a pie per maund per mile. It is thus possible for the railways if they wish to charge one-sixth of a pie for all goods irrespective of how they are classified and in the case of the first two classes, this can be further reduced to one-tenth of a pie. The usual practice for railways is to charge either at the maximum rates or rates which approximate to the maximum. Numerous exceptions, however, are made. These occur (*a*) as a result of special arrangements by manufacturers or producers with railways; (*b*) when it is to the interest of the railways to create or attract traffic by competition against other railways or transport by sea; (*c*) when the Railway Board has for some special reason, as for instance, in the case of coal and fertilisers, recommended a special rate. It will be seen from the manner in which the rates can be applied that within limits the development of industries can, by the manipulation on the rates, be made largely a question of freights. Railways can, if they desire, give substantial protection to industries by quoting special rates or deprive them of protection by quoting higher rates within, of course, the prescribed limits. The difference between the maximum and minimum rates is so high that there is a very large margin which can be employed in either direction by the railway administration. However suitable the system may be from the point of view of railway economics, it has certain obvious disadvantages from the manufacturers' point of view. There is considerable uncertainty regarding the freight that any particular industry may be able to obtain and the fate of an industry may depend to no small degree upon the success

of negotiations with individual railway administrations. When an industry has a market extending over the whole of India, negotiations with individual administrations, even if practicable, can seldom lead to uniformity or create that security in the mind of the manufacturer which is essential to induce him to invest his capital in large undertakings. The accepted principle in assessing railway rates is to fix that freight which the traffic can bear and as a general guide, subject to many exceptions, the value of an article is taken as the determining factor. Other things being equal, a heavier rate is imposed on the more valuable articles, the assumption being that the consumer of the more expensive goods is better able to defray a higher rate. Even on this principle it is difficult to understand the railways' classification of chemicals. It is possible to explain that while sulphuric acid is placed in Class IV, hydrochloric and nitric acids are placed in Class IX because the latter two acids are more expensive. Similarly zinc chloride and copper sulphate may have been placed in Class IV because they are somewhat expensive chemicals. But we have not been able to follow why copperas, aluminoferric and alum are classified at Railway Risk under Class I of the Railway Rates while Glauber's salts, epsom salts and sodium sulphide are entered under Class III. These chemicals are of much the same value and there appears no great difference among them in regard to bulk or risk in handling. It is not easy to understand on what principles this differentiation is made and the railway officers whom we have examined have not been able to offer any explanation.

II. Letter No. TB. 1/28/RD, dated 27/28th January 1932, from the Chief Commercial Manager, East Indian Railway, to the General Secretary:—

A suggestion of a similar nature made by the Tariff Board during the course of their enquiry into the Chemical Industry was considered by the Commercial Committee at their Meeting No. 10 and certain revisions in the

classification of Epsom Salts, Muriate of Zinc and Sulphide of Copper were made in consequence. Epsom Salts formerly classified 4 R. R. was reclassified 3 R. R. 2 O. R. on the analogy of certain other chemicals such as Sulphate of Soda and Sulphide of Soda. Now the Railways are asked to consider that there is no justification for classifying Epsom Salts, Sulphate of Soda and Sulphide of Soda under 3 R. R. 2 O. R. when certain other chemicals of similar value have a lower classification. Criticisms of this nature are, in my opinion, a logical consequence of the somewhat haphazard methods at present followed in the grouping of the various kinds of chemicals. In the English classification, an extract* from which is attached, all the cheaper chemicals in common Commercial and Industrial use are grouped together under one head. The Indian classifications are shown in juxta-position together with particulars of present values. I consider that it would be a great advantage if a similar procedure was adopted in our classification. At the present time criticisms of the nature advanced by the Tariff Board can be applied to many other cases in the existing classification. Why should Bleaching Powder valued at Rs. 8 per cwt. be classed 4 R. R. to 2 O. R. and Soda Ash at Rs. 8-8-0 per cwt. classed 1 R. R. Again Borax at Rs. 15 per cwt. is classed 2 R. R. 1 O. R. whereas Bicarbonate of Soda valued at Rs. 10-8-0 per cwt. is classified 3 R. R. 2 O. R. These differences are the result of inadequate comparisons of like with like and this is inevitable if matters are dealt with piecemeal. During the last two or three years the Committee has dealt with the classifications of a number of chemical products. I consider that all the cheaper chemicals in common Industrial and Commercial use should be grouped under one or two main heads classified 3 R. R. 2 O. R. and/or 2 R. R. 1 O. R.

Owing to lack of time I am unable to make any definite proposals at the present time, but I suggest that this proposal

*See Appendix **A**.

of mine be circulated to Railways for their views and that the whole question be taken into consideration at the July meeting of the Commercial Committee, a final decision on the Railway Board's reference being deferred for the present.

(2) *Subject-Carriage of Specie.*

The following proposal from the Agent, Assam Bengal Railway, regarding carriage of specie by rail will be considered:-

"Gold and silver coins are included in the list of excepted articles in para 146 page 277 of the Indian Railways Coaching Tariff No. 8 in force from 1st November 1931, but nickel and copper coins are not and Railway Companies, therefore, are required to carry such coins up to 54 maunds in weight, vide para 196 at Railway Risk and cannot demand an insurance charge to cover the risk. Para 192 (*e*) also specifically exempts nickel and copper coins from insurance charges.

2. We were recently asked to carry a consignment of Rs. 30,000/- worth of nickel coins at Railway Risk and had to agree to do so without imposing an insurance charge, but I consider that when Railways are asked to carry such valuable consignments they should be entitled to make the usual charge for insurance, more especially so in these days when train dacoities are more frequent than was formerly the case.

3. I suggest, therefore, that specie of all descriptions should be included in the list of exempted articles in para 146 of the Coaching Tariff and shall be glad if you will place the matter before the Commercial Committee of the Indian Railway Conference Association for consideration."

APPENDIX A TO ITEM (1).

Statement of Chemicals with their Classifications.

English Classification.		Indian Classification.		Value
Commodity.	Class.	R.R.	O.R.	per cwt.
				Rs. As. Ps.
CHEMICALS, AS FOLLOWS:—				
Loose (if so accepted), minimum 4 tons per truck	8	...	...	.....
PACKED :—				
In casks, iron drums, cases or sacks ... „	8	...	...	.....
E. o. h. p.	16	...	...	.....
Alum	...	1	...	7 0 0
Alum Cake	...	...	...	3 12 0
Alum Waste	...	...	...	.....
Alumina, Sulphate of	...	1	...	7 0 0
Aluminoferric	...	1	...	4 8 0
Blanc-fixe (Barium Sulphate, Precipitated) wet or dry	...	4	2	21 0 0
Bleaching Powder...	...	4	2	8 0 0
Borax (Sodium Borate or Borate of Soda)	...	2	1	15 0 0
Calcium, Chloride of, Solid ...	...	4	2	6 12 0
Calcium Sulphidrate of (Calcium Hydrosulphide)	...	...	...	87 8 0
Caustic Potash, Solid	...	3	2	35 0 0
Caustic Soda	...	3	2	15 4 0
Kieserite	...	...	...	.....
Lime, Chloride of	...	4	2	7 10 0
Magnesia, Sulphate of	...	3	2	5 4 0
Magnesite, calsined or shrunk, e. o. h. p.	...	1	...	7 8 0
Magnesium, Chloride of e. o. h. p.	...	2	...	5 0 0
Pearl Hardening, for paper-marking	...	...	...	.....
Pot and Pearl Ashes	...	4	...	33 0 0
Potash, Bicarbonate of	...	3	2	35 0 0

English Classification. Commodity.	Class.	Indian Classification. R.R.	Indian Classification. O.R.	Value per cwt. Rs.	As.	Ps.
Potash, Carbonate of	...	4	...	30	0	0
Potash, Muriate or Chloride of ...	...	1	1	8	0	0
Potash, Silicate of	...	...	...	105	0	0
Salt Cake	...	...	...	6	0	0
Satin White	...	...	...	.....		
Soda (Washing Soda Crystals) ...	...	1	...	.....		
Soda, Acetate of	...	...	...	28	0	0
Soda, Bicarbonate of	...	3	2	10	8	0
Soda, Bisulphite of	....	3	2	98	0	0
Soda, Carbonate of, or Soda Crystals	...	1	...	8	8	0
Soda, Hyposulphite of, (Sodium Thiosulphate)	...	4	2	14	0	0
Soda, Magnate of crude	...	...	...	.....		
Soda, Nitrate of	...	2	...	9	0	0
Soda, Phosphate of	...	...	...	91	0	0
Soda, Silicate of	...	2	...	11	0	0
Soda, Silicate of Solution	...	...	...	9	4	0
Soda, Sulphate of	...	3	2	7	0	0
Soda, Sulphite of	...	3	2	98	0	0
Soda, Ash	...	1	...	8	8	0
Sodium, Sulphide of	...	3	2	56	0	0

Letter No. 754, dated 18th June 1932 from Chamber to the Association.

The Committee of this Chamber have considered your letters Nos. T-97/V/I, of the 4th May 1932; T-97/V/II, of the 1st June and T-97/V/III of the 6th June, on the above. I am directed to send to you hereby their views on the questions coming up for discussion before the next meeting of your Commercial Committee.

Classification of Chemicals for Freight purposes.

My Committee agree to the principle of the suggestion made by the Indian Tariff Board in their report on the enquiry re: Chemical Industry, and suggest that the existing classification may be revised to remove the anomaly.

Insurance for Carriage of Specie.

My Committee have no objection to the suggestion that the Railway Companies should be allowed to impose an insurance charge on consignments of specie of all descriptions.

Quotation of Freight Rates by Railways to the Public.

My Committee approve of the proposal made by the Traffic Manager of the Eastern Bengal Railway.

Rates for Fresh Fruits in Wagon Loads by Passenger Trains.

My Committee approve also of the proposal from the Deputy Chief Commercial Manager (R & D), East Indian Railway.

APPENDIX 8.

Hawkers in the Suburban Trains—proposal of the B. B. & C. I. Rly. to License them.

Letter dated 22nd September 1932 from Sir Purshotamdas Thakurdas to the Chamber.

There is a proposal before the Advisory Committee of the B. B. & C. I. to license hawkers in local trains to get over the difficulty of people hawking in local trains. Personally I do not like this, but it is an important matter affecting public convenience and I believe some members of the Committee may have some definite views on this. Will you, therefore, consult the President if he desires to put this on the agenda of the Committee for discussion on some suitable date in the course of the next couple of weeks ?

Letter No. 1649, dated 7th October 1932 from Chamber to Sir Purshotamdas Thakurdas.

The Committee of this Chamber have considered fully the question of licensing of hawkers which, as you informed

them, was on the Agenda of the Local Advisory Committee of the B. B. & C. I. Railway. The Committee feel that there is a great nuisance to the travelling public from both hawkers and beggars. The travelling public, specially the third-class travelling public, has put up with these grievances for a very long time, and it is essential that steps should now be taken in this direction of removing these grievances. The measure proposed, *viz.*, licensing the hawkers is not however, my Committee fear, calculated to remove the nuisance with regard to hawkers, which is deep-rooted. If the licensing system is adopted, it may possibly reduce the number of hawkers, though even this is problematical. What will happen, however, is that hawking in trains, which is acknowledged, both by the Railway authorities and the public, to be a grave nuisance, will be, as it were, given a definite standing, and even a legal position, if licenses are issued to hawkers. It may be argued that if such licenses are issued, people who get the licenses will try to see that only those who are licensees will be able to sell their wares in railway trains. It may be doubtful, however, if these hawkers will be able to remove or even to reduce a nuisance which the Railway authorities have not been able to do. On the other hand, it may lead to daily scuffles and quarrels between the licensees and non-licensees. Again, it will be a hardship to the licensed hawkers, as it will mean an annual payment of fixed charges, while there will be no guarantee that unlicensed hawkers will not sell.

Under all these circumstances, the Committee of this Chamber are definitely opposed to the proposal of issuing licenses to hawkers. They hope, however, that the Railway authorities will adopt some steps to remove this nuisance, as well as the nuisance of beggars.

Letter dated 8th October 1932 from Sir Purshotamdas to Chamber.

I have for acknowledgment your letter No. 1649, dated the 7th instant re: licensing of hawkers in local trains on the

B. B. & C. I. Railway. I note the Committee's opinion and have no doubt that it is the correct opinion reflecting also the convenience of the travelling public. I will see that the points mentioned in your letter are brought to the notice of the Advisory Committee.

APPENDIX 9.

Indian Railways Amending Bill—Power to run Busses.

Letter No. 7057/27, dated 19th October 1932 from the Government of Bombay, P. W. D. to Chamber.

I am directed by the Governor-in-Council to forward herewith copies of the papers noted in the margin * and to request that Government may be favoured, by the 25th November 1932 at the latest, with any remarks you may have to make regarding the provisions of the Bill.

(1) Bill as introduced with Statement of Objects and Reasons.
*(2) Extract from the Legislative Assembly Debates dated 14th September 1932 regarding the Bill.

(* The debates are not printed here but can be referred to Legislative Assembly Debates dated 14th September 1932.)

The following Bill was introduced in the Legislative Assembly on the 5th September, 1932:—

L. A. BILL NO. 39 OF 1932.

A Bill further to amend the Indian Railways Act, 1890, for a certain purpose.

WHEREAS it is expedient further to amend the Indian Railways Act, 1890, for the purpose hereinafter appearing; It is enacted as follows:—

1. This Act may be called the Indian Railways (Amendment) Act, 1932.

2. For Clause (*e*) of Section 51 of the Indian Railways Act, 1890, the following clause shall be substituted, namely :—

"(*e*) it may provide and maintain any means of transport for the conveyance of passengers, animals or goods in any area to which access is afforded by its railway;"

Statement of Objects and Reasons.

Under the existing Sub-section (*e*) of Section 51 of the Indian Railways Act, 1890, a railway company which is not one of the guaranteed companies for which the Statute 42 and 45 Victoria, Chapter 41, provides, may with the sanction of the Governor-General-in-Council provide and maintain any means of transport which may be required for the reasonable convenience of passengers, animals or goods carried or to be carried on its railway. As this sub-section reads, it would appear that railway company cannot own and operate a road motor service as a feeder to its own railway, unless the traffic to be carried by such service is through-booked over the railway. It may also be held that such a company is precluded from operating a road motor service where an adequate service is already in existence, and from running any other mode of conveyance parallel to its railway line.

2. The Associated Chambers of Commerce of India and Ceylon at their meeting in December, 1930, adopted the following Resolution:—

"That Government should take such steps as may be necessary to amend the Railways Act of 1879 and 1890, in order to permit both State and Company-managed Railways to own and operate motor and/or air services, as subsidiary services to existing railway systems, without any restrictions in regard to carrying passengers or goods carried or to be carried on the railways."

Section 51 of the Act does not apply to State-managed lines and such lines, therefore, are under no legal disability in the matter of owning and operating road services. It is, however, the smaller railways, whose revenues have been seriously affected by the development of motor competition, who are in need of powers to run such services.

3. It is proposed, therefore by amending Sub-Section (*e*) of Section 51 of the Act, to make it clear that the railway companies referred to in Section 51 may own and operate unconditionally road motor services for the carriage of traffic in areas served by their railway. The exercise of these powers will, however, still be subject to the sanction of the Governor-General-in-Council being obtained in each case.

Letter No. 2049, dated 1st December 1932 from Chamber to Government of Bombay.

I am directed to acknowledge the receipt of your letter No. 7057/27, dated the 19th October 1932 inviting the views of my Committee on the above Bill. In this connection, my Committee cannot help pointing out that there are various other directions in which reforms in the Railways Act are essential and imperative, and suggestions regarding the same were made by this Chamber in 1930, before a Committee presided over by the Hon'ble Sir B. N. Sarma, a copy of which is herewith enclosed. My Committee do not see any reason why instead of taking in hand a comprehensive revision of the Act, Government should proceed to handle the question piece-meal, as is proposed in the present Bill.

My Committee are not satisfied that a case has been made out that this Bill is intended to save the railways of avoidable losses in which the taxpayer has particular interest. They, therefore, do not feel the need for such legislation at the present moment, and would wait further educidation, showing what public advantage would be gained by the proposed amendment.

Wherever goods can bear motor transport, and passenger service can be run with economy, private enterprise has already shown itself. A large amount of such private capital is sunk not only in the owning of such motor services but also in the ancilliary services such as motor workshops, accessory stores, etc., and unless a definite case is made out for the need for quasi-public bodies and large companies being allowed to appear on the scene in competition with the existing private enterprise, such private enterprise, in the opinion of my Committee, is also entitled to consideration and encouragement at the hands of Government. It is also a moot question as to whether legislative permission, which the amendment seeks to grant, may not lead to misdirection of nascent capital by intensifying competition without gaining any specific public advantage.

Another and an important ground on which my Committee would like to stress their opposition to the proposal is that such railway companies with their comparatively vast resources, will by rate-cutting tactics drive out the competition from the private services, and after creating a monopolistic position for themselves will not hesitate to put up rates. This definitely will be a public disadvantage, and the time has not yet unfortunately come when the railway companies can be trusted to respect public feelings and not to take undue advantage of such a situation. My Committee feel that the need for being guarded against such an eventuality is real and, therefore, cannot lend their support to the proposal of the Bill.

APPENDIX 10.

Road-Rail Co-ordination.

Letter No. 6718/27-W, dated 24th October 1932 from the Government of Bombay, P. W. D., to Chamber.

I have the honour to state that I have been requested by Messrs. K. G. Mitchell and L. H. Kirkness, who form the Road

Rail Co-ordination Inquiry Committee appointed by the Government of India, to request you to kindly send representatives of the Indian Merchants' Chamber and the Mahrashtra Chamber of Commerce to discuss with them jointly the question of co-ordination of Road development with railways. The meeting with you is fixed to take place at the Public Works Department, Secretariat, Fort, Bombay, at *4 P. M.* on Wednesday the *2nd November 1932.* I shall be obliged if you will be so good as to let me know as early as possible the names of your representatives who will attend the meeting.

Letter dated 1st November 1932 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter No. 6718/27-W, dated 24th October 1932 on the subject of the proposed Conference re: Road-Rail Co-ordination, and in reply to say that my Committee have appointed Messrs. K. S. Ramchandra Aiyer and M. L. Dahanukar to represent them at the said Conference, Mr. J. K. Mehta, Secretary of the Chamber, will accompany them.

APPENDIX 11.

Road Loan.

Letter dated 18th January 1932 from Mr. Walchand Hirachand to Chamber.

An attempt is being made to get the Bombay Presidency Road Board to approve of a Road Loan or Roads Bonds to be raised to finance road construction or improvement. The details are expected shortly; but I would like to have the views of the Committee whether I should oppose any such suggestion from the beginning; this will increase our indebtedness particularly, for unproductive works of the nature of roads. The intention seems, to associate this loan with Petrol Tax but it is not yet clear how a loan can be raised on the strength of a tax which has to run only three years more.

There is another point in this connection before the Road Board. If the Committee agree I would like to suggest that whatever roads can be constructed out of the proceeds ofthe Petrol Tax should be of Indian materials. No money out of the Indian Petrol Tax should go out of the country. In some of the specifications Asphalt Roads are shown to be cheaper ultimately as compared to cement roads. I would like the Committee to agree that only such specifications should be adopted by which most if not whole of the grant should be spent on materials produced in the country. As the Committee is aware every ton of Indian cement used means more than half a ton of Indian coal plus twenty gunny bags and not less than Rs. 15/- of freight to Indian Railways besides Income-tax in the country and employment to Indian labour; Asphalt however comes from out of India in non-Indian ships.

I would like to have the views of the Committee early if it is possible.

Letter No. 106, dated 27th January 1932 from Chamber to Mr. Walchand Hirachand.

With reference to your letter of the 18th instant, the Committee agree with you that the suggestion to raise a Road Loan should be opposed. They have also no objection to your proposing that the proceeds of the Petrol Tax should be used in construction of roads out of Indian materials. You may accordingly raise these questions at the Bombay Presidency Road Board.

APPENDIX 12.

International Telegraph Service.

Copy of letter dated 10th November, 1931, from the International Chamber of Commerce, Paris to the Indian National Committee, Bombay, forwarded for the views of the Chamber on 19th March.

"For the Telegraph and Radio-Telegraph Conferences to be held in Madrid in 1932, the International Chamber will have to

draw up a report giving in definite terms the views and wishes of users in regard to these services. You will see from the enclosed Minutes (not reproduced here) that the Standing Committees on International Telegraph and Telephone Service, at their joint meeting on October 19th, decided for this purpose to ask for the considered opinion of National Committees on the following points":—

I.—Code Telegrams.

The main points on which the opinion of users is required are :—

(1) *Dual System.*—Would users prefer the present dual system introduced provisionally at Brussels (Category A : maximum, 10 letters ; Category B : maximum, 5 letters) to be maintained permanently, or for a further period, or would they prefer a return to the 10 letters system or the introduction of a single 5 letter system ?

N. B.—In considering the rate aspect of the *dual system*, it should be remembered that the question at issue is not "Do users require reduced rates ?" ; a question to which only an affirmative answer could be given, but rather : "Does the *dual system* lay a heavier burden upon users than the former 10 letter system ?".

(2) *Single Five Letter System.*

(*a*) If the Brussels system is not maintained, but a single 5 letter system, substituted for it, what is the highest rate users could pay without paying more as a whole than under : (*b*) the 10 letter system, (*b*) the *dual system* ?

(*b*) Have users found by their experience since the Brussels Conference that the five letter system gives the better quality of transmission than the ten letter system ?

(*c*) How would the introduction of such a five letter system affect the private codes used by commercial houses ?

II—Introduction of Night Letter-Telegrams into European Service.

Have telegraph users in Europe felt a need for the introduction of this service in their inter-European relations ? If so, what level of rates would make it worth their while to use it (most of the administrations who make this proposal fix the rate at 50% of the full rate ?)

III—Unification of the various Categories of reduced rate Messages in Extra-European Service, such as NLT, DIT, WLT.

Are users of the opinion that they would benefit by such unification ? If such unification were effected, what is the maximum rate users would be willing to pay for the unified service ?

Are users satisfied with the present ruling as to the minimum number of words admitted (usually 25 or 20,) or would they wish this minimum to be reduced for a unified service ?

IV—Insurance of Telegrams against Errors and delay in transmission, against payment of fee or Premium.

Have users in their business experience felt the need for such insurance or suffered from its absence ?

V—Broadcasting of Business News

(*a*) Are business men satisfied with the accuracy of stock-exchange reports, exchange rates, etc., broadcasted in their country ? Is such news broadcasted with due consideration for the business interests concerned ? If not, what line of collaboration would they suggest between business organisations, such as Chambers of Commerce, and the broadcasting authorities or companies to ensure that the existing control is carried out effectively ?

(*b*) Would the systematic organisation of the broadcasting of business news, other than that already broadcasted such as the movement of goods by rail and sea, in particular their arrival at destination, the prices of products on foreign markets or reports on market conditions abroad, be of benefit to business men? If so what news would businessmen particularly wish to have broadcasted?

VI--Rebates on Telegrams.

What is the opinion of users on the proposal that rebates such as are granted in other public services should be granted to important users of telegraph service?

May I also call your attention to a proposal made at the joint meeting, according to which night letter-telegrams should be delivered as soon as circumstances permit instead of being held back until a fixed time as at present.

I should be obliged if your National Committee would let us have a report giving the views and desiderata of users in your country on these various points to reach us not later than March 1st, 1932. In order to make comparison easier, you are requested to follow in the report the numbering of the questions in this letter.

An analysis of the proposals put forward by administrations and companies in view of the Madrid Conference will follow in a few days time, and I should be glad to receive any observations you may have to make on proposals not included in our inquiry by the Telegraph Committee.

A further report will be sent to you later for your guidance, giving the main arguments for and against the different solutions proposed for the Code Telegram problem.

It is impossible to lay too much stress upon the importance for business interests of this inquiry. The International Chamber has been able to do a great deal on their behalf in the field

of telephony, and its success in this field has been largely due to close collaboration with administrations. The fact that the International Telegraph Union has communicated to it the official proposals for the Madrid Conference, hitherto sent exclusively to the administrations and companies, shows that it recognises the Chamber as the spokesman of users throughout the world. This recognition can only be usefully followed up if the Madrid Conferences find the Chamber fully prepared with a clear statement of what users are prepared to accept and what they require."

Copy of letter dated 19th November 1931 from the International Chamber of Commerce, Paris, to the Indian National Committee, Bombay.

"Further to my letter of the 10th instant containing a questionnaire on international telegraph service, I beg to send you under separate cover an extract from a letter addressed to the Swiss National Committee by the Swiss Telegraph Administration. You will see from this document that the Swiss Administration would like to know the views of the International Chamber of Commerce on a question of the greatest importance for telegraph users, question which could not be discussed at the meeting on October 19th and which was therefore included in our questionnaire, namely the question of the time limit fixed for the transmission of telegrams and the refunding of the payment when the telegram does not reach its destination within this time.

The question is not unlike that of the waiting time in the case of telephone calls, in connection with which the International Chamber has already succeeded in doing a great deal for the users, and I feel that it might be usefully considered by us.

I should therefore be glad to have your opinion on the Swiss proposal as well as the opinion of business men in your country on the value to them of the creation of a telegraph subscribers' service."

Extract from a letter to the Swiss National Committee from the Swiss Telegraph Administration.

We find it somewhat difficult to decide on the particular points which could usefully be made the object of a special discussion as our Administration takes an interest in all the questions raised by its customers. Speaking generally, we suppose that the users, who belong to the International Chamber of Commerce, attach most importance to the rapid transmission of telephone and telegraph traffic and you may rest assured that the Swiss Administration has every intention of satisfying this legitmate desire.

Perhaps you may find that the points raised below in this letter call for particularly careful consideration being, as they are, questions of the moment.

1. *Duration of Telegraph Transmission.*

The International Advisory Committee on Telegraph Communications has conducted an inquiry into the duration of telegraph transmission and will probably submit to the Telegraph Administration a proposal for fixing the maximum time for such transmission. We consider that the Chamber of Commerce might usefully inform us, on their side, of what they think they have the right to expect from the telegraph service. In their opinion, what should be the maximum length of time the transmission of a telegram should take.

In this connection, may we call your attention to the efforts we propose to take in view of shortening the time limit within which the sender of a delayed telegram cannot claim his money back. For this purpose we shall submit to the Madrid Conference the following proposal :—

"The following payments shall be refunded to those who have made them on demand or on complaint being made concerning the execution of the service :—

(*a*).

(*b*)

(*c*) The total charge on any telegram (except letter-telegrams) which through the fault of the telegraph service is delivered later

than if it had been sent by ordinary post or whenever it is not delivered within :—

(1) 4 hours in the case of a telegram between 2 bordering European states or between two European states, which are connected by a direct line (present time limit, 12 hours.)

(2) 8 hours in the case of a telegram between any other two European countries, including Algeria and the regions not comprised in the European regime (present time limit, 24 hours.)

(3) 8 hours in the case of a telegram between two extra European countries which are neither bordering nor connected by a direct line, as far as full rate telegrams are concerned (present time-limit; 24 hours.)

(4) 48 hours in the case of a deferred telegram (present time-limit, 96 hours.)

(5) 24 hours in all other cases (present time-limit, 48 hours.)

In the European regime, charges made for delayed letter telegrams are not refunded; they are refunded in the extra-European regime if delivery is not made within 96 hours.

2. *Code Telegrams*,

3. *Half-rate overseas Telegrams*.

4. *Letter-telegrams in the European regime* (*ELT*).

As regards the delivery of ELT Letter-telegrams, the International Advisory Committee on Telegraph Communications has made the following proposal :—

'Letter-telegrams ELT shall be delivered the morning after the day they are received for dispatch. Delivery may be effected by post, by special messenger, by telephone or by any other means, decided upon by the administration to which the office of destination belongs'.

5. *Telegraph Subscribers' Service.*

There is some question of introducing telegraph subscribers' service in Germany, Great Britain, Italy and the Netherlands. We consider that this service will remain imperfect as long as it is not extended to international relations.

The International Chamber of Commerce seems to us particularly well placed to decide whether the telegraph subscribers' service meets a real need and to determine the practical results that may be expected from such a service."

Copy of letter No. 741, dated 17th June 1932 from the Indian Merchants' Chamber to the Indian National Committee, International Chamber of Commerce.

With reference to your letter of the 19th March 1932 on the subject of International Telegraph Service, I am directed to send to you hereby the views of the Committee of this Chamber on the points mentioned in the letter from the International Chamber of Commerce.

With regard to the dual system of code telegrams, my Committee are of opinion that a single 5-letter system should be introduced, provided however that the charges are also reduced by half.

With regard to unification of the various categories of reduced rate messages, my Committee are in favour of such a unification, provided the unification is achieved at quarter rates.

With regard to insurance of telegrams against errors and delays in transmission, my Committee are not agreeable to the proposal as they do not think there is any necessity for such an arrangement.

My Committee are also opposed, on principle, to payment of rebates to important and considerable users of the Service.

My Committee are not agreeable to the proposal for fixing a maximum time limit for transmission of telegrams as, in their opinion, any such time limit would not be feasible.

APPENDIX 13.

Representation of the Chamber on the Bombay Telephone Company.

Letter No. 184, dated 18th January 1933 from Chamber to Government of India, Department of Industries & Labour.

The Committee of this Chamber have recently had some correspondence with the Bombay Telephone Company, Ltd., in connection with the representation of the Chamber on the Board of the Company, as per copy enclosed. It will be observed from this correspondence that the Telephone Company consider that the letter, addressed by my Committee, is based on a misconstruction of Clause 4 of the Agreement, dated the 30th November, 1922, between the said Company and the Secretary of State for India in Council.

My Committe cannot agree to the interpretation placed on the Clause by the Company, *viz.*, that the provision in the Agreement, in regard to representation of the Chamber on the Board, was only in respect of the first Board under the new Company, and that at all subsequent Boards there was no obligation to provide for such separate representation.

In this connection, my Committee would refer to the correspondence that passed between the Chamber and the Government of India in 1922, ending with this office letter dated 2nd May, 1922, on the same subject. Government in their letter dated 7th April, 1922, No. 764-P. W., in drawing their attention to the provision in Clause 4, observed that the same "is intended to secure that its (Chamber's) interests shall be duly represented on the Directorate of the proposed new company". It is clear, therefore, that the intention of Government was to see that the Chamber's interests were properly represented on the Directorate of the Company, and it is inconceivable that the Telephone Company should have now placed a construction on the said Clause which is not in consonance with the spirit and object of the same, and which, at any rate, is on the face of it untenable.

Again, in the year 1923, the Company while informing the Chamber of the nomination of Sir Phiroze Sethna on the first Board of the new Company remarked :—

> "The Directors suggest, should your Chamber have *at any time any suggestions to make*, that they might do so through *their representative*."

Obviously it was meant that the Chamber would at all times be represented on the Board. It is, therefore, really surprising that the Company should now try to shift the position.

My Committee hold the view that if a duly qualified member of the Committee of the Indian Merchants' Chamber ceases to be a member of that Committee, he *ipso facto* ceases to represent the Chamber on the Board of the Telephone Company. The Company, in that event, must nominate another representative to serve on its Board from among the members of the Committee of the Chamber.

In view of this difference of opinion disclosed about the interpretation of Clause 4 of the Agreement referred to above, my Committee will be glad if Government will kindly make it clear to the Telephone Company that Clause 4 of the agreement definitely provides for the representation of the Chamber on the Directorate at all times.

Copy of letter No. 1994, dated the 23rd November, 1932 from the Indian Merchants' Chamber to the Bombay Telephone Co., Ltd.

"I am directed by the Committee of the Indian Merchants' Chamber to inform you that the Hon'ble Sir Phiroze C. Sethna, who was a member of the Committee of this Chamber up to 31st May, 1932, is no longer so. Under the Agreement of the Telephone Company with the Secretary of State for India in Council, it has been provided under Clause 4 that the Board of Directors of the Company shall include one duly qualified member each of the Committee of the Bombay Chamber, and the Indian Merchants' Chamber, Bombay, to be nominated by the Directors of the Company. My Committee beg to draw the attention of your Board to this clause, and to request that they will, under this Clause, now appoint a Director from amongst the members of the Committee of

the Chamber, in place of the Hon'ble Sir Phiroze C. Sethna. A list of members of the Committee is enclosed for the information of your Board."

Copy of letter dated the 17th December 1932, from the Bombay Telephone Company, Ltd., to the Indian Merchants' Chamber.

"I am instructed by my Board to acknowledge receipt of your letter No. 1994, dated the 23rd November, 1932.

My Board is advised that your letter is based upon a misconstruction of Clause 4 of the Agreement between my Company and the Secretary of State for India in Council dated the 30th March, 1922, which reads as follows :—

> 'The Board of Directors of the Company which may subsequently be formed to carry on the undertaking shall include one duly qualified member each of the Committee of the Bombay Chamber of Commerce and the Indian Merchants' Chamber and Bureau, Bombay, to be nominated by the Directors of the Company.'

Pursuant to this Clause, the Board of Directors of the Company nominated Sir Phiroze Sethna, who was then a duly qualified member of the Committee of the Indian Merchants' Chamber, as a Director of the Company on the 28th June, 1923. Since then, pursuant to the Articles of Association of the Company, Sir Phiroze Sethna has from time to time retired from office and on each such occasion he has been re-elected a Director by the shareholders.

Sir Phiroze Sethna last retired from office and was re-elected by the shareholders at the Annual General Meeting held on the 29th March 1932, and in the ordinary course of events he will be due to retire again either at the Annual General Meeting in 1934 or at the Annual General Meeting in 1935."

II. FINANCE, TARIFF AND TAXATION.

APPENDIX 14.

New Taxation proposals of the Government of Bombay.

Letter No. 184, dated 13th February 1933 from Chamber to the Government of Bombay, Finance Department.

(*Note*:—The money Bills referred to here below can be had in Bombay Government Gazette, Part V, dated 4th February 1932.)

With regard to the new proposed taxation, the Committee of the Indian Merchants' Chamber feel considerable annoyance and serious misgivings. The deficit in the Bombay Government's finances is heavy ; some people are inclined to think that it is heavier than what has been so far disclosed in the official figures. The proper method to handle the situation, in the opinion of the Committee, would not be by new taxation. The tax-paying capacity of the people has already been overstrained and not only will Government fail to get the estimated revenue from this and other sources, but they will inflict very serious injury to the economic life of the community which has been already perturbed by the unprecedented economic crisis in the world. This life has further been disorganised by the political situation in the country. The Committee would respectfully urge once again that the proper remedy is retrenchment, a thorough and far-reaching retrenchment at the hands of independent men and not the kind of cheeseparing which has resulted from the retrenchment efforts of the Government of Bombay so far. The Committee propose to send in some detailed criticism of the proposed new taxation, but in the meanwhile they hasten with this general expression of their views in the hope that even now it may not be too late for Government to adopt a bolder and sounder policy of financial adjustment through retrenchment instead of through taxation.

Letter No. 244, dated 24th February 1932 from Chamber to the Government of Bombay, Finance Department.

In continuation of the letter of my Committee dated the 13th February, 1932, No. 184, I am directed to send to you

hereby their views regarding the Finance Bill (Bill No. 1 of 1932), which has been published in the Bombay Government Gazette of the 4th February.

Part II of this Bill provides for the levying of a duty on units of electric energy consumed in the Presidency of Bombay, except Aden. It is proposed at present to levy a surcharge on energy consumed by lights and fans, and not to include energy consumed for power as also energy consumed by Local authorities for any lighting arrangements they may have (as explained by the Director of Information in his Note). Even taking this restricted scope of the new surcharge, my Committee consider that it would be greatly detrimental to the civic progress and to the amenities of civilised life, and will come much in the way of progressive increase in the use of electric energy and will discourage the development of electric supply enterprise. The use of electrical energy for lights and fans has still been restricted to towns and cities, and needs a good deal of fostering care to make it thoroughly popular and to enable it to be extended to smaller towns and villages. The new surcharge will again act as a handicap in the way of betterment of rural life. Under these circumstances, my Committee beg strongly to protest against the proposed surcharge which, they hope, will not be pressed by Government.

Part IV of the Finance Bill provides for amending the Indian Stamp (Bombay Amending) Act, 1922, in such a manner as to increase the stamp duties provided for under different clauses. Such an increase in the stamp duty will be obstructive to commerce, and many of the provisions of the Bill are, in the opinion of my Committee, likely to affect the validity of many *bona fide* transactions. My Committee cannot help saying that the proposals are impracticable, infeasible and extremely difficult. Most of the contracts entered into at present in the different commercial markets are on note paper or even in small chits, and the proposals of the Finance Bill presumably contemplate bringing all such contracts under its operation which will be a great hardship to the business community. In its practical operation,

the Finance Bill will, it is feared, introduce the much condemned method of double taxation through some of its clauses. Thus Article 43 provides for taxation in case of a note or memorandum sent by a broker or agent to his principal intimating the purchase or sale on account of such principal. Extension of Sections 35 and 41 to the new documents mentioned in the Bill is neither desirable nor justifiable. While the several provisions of the Finance Bill regarding stamp duty are likely to create confusion, my Committee are of opinion that they will also tend to injure the Commission Agency System of Shroffs and Bankers, which has played such a prominent part in the banking history of this country. In these circumstances, my Committee beg to protest against these new impositions which would be a further handicap to business which has to pass through critical times at present. Without prejudice to this protest of my Committee, they beg to suggest that there should be a penalty clause" attached which will provide for making under stamped documents valid on payment of a small penalty.

My Committee beg also to disapprove of the suggested increases under Part III of the Finance Bill, amending the Court Fees Act in certain particulars. It is mentioned in the Statement of Objects and Reasons that in the case of *ad valorem* fees prescribed in the Schedule of the Court Fees Act an enhancement is made only where experience has shown that the fees levied are so inadequate that they lead to abuse of judicial facilities, or do not cover the actual cost to Government of the service rendered. My Committee do not consider that they are any numerous instances of the inadequacy of fees leading to the abuse of judicial facilities or not covering the actual cost to Government of the services rendered. If Government again are proceeding on this principle, that every judicial service rendered must be adequately paid for, my Committee wonder if Government are going to reduce fees in those cases where an ample revenue accrues to Government as a result of these judicial services. It may be that in some instances on account of the present day depression there may not be an exact *quid pro quo* for the services rendered, but this does not prove any justification for effecting

heavy increases in the Court fees all round. My Committee are, therefore, opposed to any increase even under this head.

In short, my Committee are of opinion that no case has been made out justifying imposition of any duties at the present juncture, when what the country, and specially the business community, needs is not more of taxation, but a reduced taxation, which would allow of relief to trade and industries, and enable them at least to continue in their usual course in face of heavy difficulties without placing any further handicap in their way. My Committee have already communicated their views in their previous letter, that the deficits in the budgetary position of the Government of Bombay should be met not by increased taxation but by retrenchment on drastic and scientificlines.

In conclusion, my Committee would urge that the taxable capacity of the people of the Presidency has been over-reached, that any further taxation is bound to re-act adversely on Government finances itself, and that Government might be warned of the Law of Diminishing Returns coming into play. The situation calls for bold handling with a view to the expenses of the Presidency being reduced well nigh to its present resources. All superior Government officials from His Excellency downwards may well, set an example in retrenching Government expenditure and thus pulling together to save the Presidency from financial chaos.

Letter No. 9326-A, dated 25th February 1932 from the Government of Bombay to Chamber.

I am directed to acknowledge the receipt of your letter No. 244, dated 24th February 1932 stating the views of your Chamber on the Finance Bill of 1932, and to state that it will be laid before Government.

APPENDIX 15.

Additional Arrangements for Purchase of Stamps.

Letter No. 527, dated 8th February 1932 from the Superintendent of Stamps, Bombay to Chamber.

I have the honour to invite attention to the proposed Finance Act of 1932 and published as Bill No. 1 of 1932 in the Bombay Government Gazette, Part V of 4th February 1932.

2. You will notice that by Clause 15 (10) of the Bill Arts. 5 and 43 of the Schedule to the Indian Stamp Act II of 1899 are proposed to be amended so as to make, (1) Agreements relating to the sale of merchandise, such as cotton, wheat, linseed, castor seeds, gold and silver bullion, for forward delivery, and (2) Brokers Notes in respect of the above commodities, liable to new rates of stamp duty.

3. The proper description of stamps to be used in payment of duty failing under Art. 5 (*a*) (*b*) (*bb*) are the " Agreement" stamps. " Brokers Note adhesive stamps are to be used in payment of duty on documents falling under Art. 43."

4. As it is desirable that suitable arrangements should be made for the sale of stamps, for the convenience of the merchants and Brokers doing business in the aforesaid commodities, I request that you will be so good as to communicate to me a list of centres at which business in the aforesaid commodities is carried on. I shall be obliged also if you state what facilities in regard to the purchase of stamps are in your opinion necessary.

5. I may inform you that Agreement and Brokers Note Stamps as also other revenue stamps, are at present sold at the following centres : —

(1) General Stamp Office, Town Hall, Bombay.
(2) Stock Exchange Building, Dalal Street, Fort.
(3) The Bullion Exchange Building, Zaveri Bazar.

6. I request the favour of a very early reply.

Letter No. 215, dated 19th February 1932 from Chamber to the Superintendent of Stamps.

My Committee have considered your letter No. 527/32, of the 8th February, 1932, drawing their attention to the proposed amendments to the Indian Stamp Act, and inviting their views as to the additional arrangements in consequence necessary for the sale of stamps. My Committee suggest that arrangements be made to sell stamps somewhere near the Central Bank of India, Mandvi. This locality, as you must be aware, is one where trans-

actions in the commodities referred to take place to a considerable extent.

APPENDIX 16.

Retrenchment in the Imperial Council of Agricultural Research.

Letter No. 1582, dated 23rd December 1931 from the Federation of Indian Chambers of Commerce and Industry to Chamber.

I am enclosing a copy of a letter addressed by Seth Walchand Hirachand to the Press regarding certain proposals made by the General Purposes Sub-Committee of the Retrenchment Advisory Committee appointed by the Government of India. As you know, the Imperial Council of Agricultural Research was brought into existence as a separate body as a result of a recommendation by the Royal Commission on Agriculture The General Purposes Retrenchment Sub-Committee examined the various activities of the Council with a view to effect economy in the working of the Council. They were unanimously of opinion that Pusa and Muktesar should be placed under the direct control of this Council, and they further agreed that the services of the two expert Advisers at present attached to the Council should be terminated. There was another proposal before the Committee to the effect that either the Agriculture and Veterinary Section of the Department of Education, Health and Lands should be abolished and its work transferred to the Imperial Council of Agricultural Research or the Imperial Council of Agricultural Research should be made an appendage of the Agriculture and Veterinary Section of the Education Department. The Sub-Committee favoured the first alternative while two of its European Members, Mr. Nixon and Mr. Ramsay-Scott, held the opposite view on the ground that it would result in greater economy. The question as to which of the two alternatives is to be accepted is now before the Government. From the letter of Seth Walchand Hirachand, you will find that the Agricultural Research Council has amply justified its existence during the two years of its career and it is felt that if it is to be made an appendage

of the Education Department of the Government of India, the scientific research work which the Council has begun may perhaps get a definite setback. It is, therefore, felt that the various Member-Bodies affiliated to the Federation and interested in the working of the Agricultural Research Council should warn the Government of India against taking any such action of amalgamating this Council with their department in accordance with the wishes of the two European Members of the Sub-Committee.

Letter dated 17th December 1931 from Mr. Walchand Hirachand to the Press.

I have been a Member of the Governing Body of the Imperial Council of Agricultural Research ever since its inaguration two years ago by Lord Irwin, having been elected thereto by the Federation of Indian Chambers. Some time ago I heard with concern that there were proposals to abolish or absorb the Council in another Department of the Secretariat, but I thought these proposals had been given the quietus when the General Purposes Retrenchment Sub-Committee recommended that the Council should not only not be absorbed but should be strengthened by having research institutions like Pusa and Muktesar transferred to it. At a recent visit to Delhi to attend the Sugar Committee, I found that the fate of the Council had not yet been decided. I do hope, however, that the Government of India will not allow itself to be persuaded in the name of retrenchment into abolishing or attenuating the Council to such an extent that though surviving in name, it becomes in reality an appendage of the Secretariat Departments. The Council was inaugurated as a separate and independent entity as a result of the most outstanding recommendation made by the Royal Commission on agriculture. During the two years of its career, it has amply justified its existence. If it had done nothing else beyond resuscitating the Indian sugar industry which was in 1929 on the verge of collapse, it would have deserved well of the country. Through its Sugar Committee, it has embarked on an active policy of reconstructing the sugar industry both in its agricultural and its industrial sides. The Council has in its work of encouraging scientific research secured the co-operation of the

Universities, a co-operation which the old Government of India Departments were unable to obtain, to the immense advantage of research and the saving of money to the public purse. On its various Committees, non-officials co-operate to an extent to which they never did before. And by means of its schemes and its publications, it has given young Indian research workers opportunities that they had not before of using their talents. The money spent by Government on the Council is a trifle compared with the importance of India's largest industry, agriculture. I trust interested arguments will not prevail and succeed in so weakening the Council that its career of usefulness will be cut short.

Letter No. 129, dated 1st February 1932 from Chamber to the Government of India, Department of Education, Health and Lands.

The attention of my Committee has been drawn to a letter addressed to the Press by Mr. Walchand Hirachand on 18th December, 1931, a copy of which is herewith enclosed, on the subject of the future of the Imperial Council of Agricultural Research. My Committee observe therefrom that the question of transferring the Council as an appendage to one of the Departments of the Secretariat is before Government. From the Report of the General Purposes Sub Committee of the Retrenchment Advisory Committee, my Committee find that this question was examined by them, and for various reasons the Sub-Committee, by majority, recommended against such absorption of the Council in the Agricultural and Veterinary Section of the Department. On the contrary, the Sub-Committee recommended that the work of the latter should be transferred to the Council.

While my Committee are very keen about retrenchment in public expenditure, they do not think it will be advisable to cripple the activities of a useful body, the creation of which was heralded as the harbinger of new life and fresh blood in Government's activities for promoting the agricultural development of the country. My Committee are inclined to concur in the chorus of public approval for the work that has already been done by the Council during the comparatively short period of its existence.

Letter No. 245, Agri dated 20th February 1932 from the Government of India Department of Education, Health and Lands to Chamber.

I am directed to acknowledge receipt of your letter No. 129, dated the 1st February, 1932, on the subject mentioned above and to say that the question is still under consideration. The views of your Association have been noted.

APPENDIX 17.

Cotton Textile Industry—Tariff Board Enquiry re:

Letter dated 4th July 1932 from the Tariff Board to Chamber.

I am directed to send herewith a copy of the questionnaire prepared by the Tariff Board in connection with their enquiry into the Indian Cotton Textile Industry. Your replies to the questionnaire with six spare copies may kindly be forwarded so as to reach the Board's Office at the Old Custom House, Bombay, not later than the 15th of July, 1932.

(NOTE:— The questionnaire issued by the Tariff Board is not reproduced here but can be referred to in file R. 47/1932 of the Chamber or in the Tariff Board Report, when published.)

Letter No. 1089, dated 1st August 1932 from Chamber to the Tariff Board.

With reference to your letter of the 4th July, 1932, I am directed to send to you herewith the views of my Committee, in connection with the Board's Inquiry regarding protection to the Cotton Textile Industry.

Written Statement of the Committee of the Indian Merchants' Chamber, submitted to the Indian Tariff Board regarding protection to the Indian Textile Industry.

The Committee of the Indian Merchants' Chamber desire to support the request of the Indian Textile industry for tariff protection, because it is one of the most important organised industries in the

country. Thers is a large amount of Indian money sunk into it, and it gives employment to a very large number of people. It offers an important market for one of the staple crops of India, and in connection with its purchase of stores etc., it has enabled a large amount of ancillary and subsidiary industries and trade to be created in the country. It is unfortunate that the requirements for new machinery or for replacements in this industry, are still imported from abroad, but it would not be an extreme or unwise expectation that, if the industry is kept alive and prosperous, there may be developments in this direction also.

.. The Committee note with satisfaction that the reference to the Tariff Board on this occasion would permit them to recommend, after due examination, a scale of tariffs that would give adequate protection. In the past there has been unfortunately a doubt on this subject on account of the vacillation of Government policy and the lack of its clear enunciation. The Committee have felt that previous recommendations of the Tariff Board not only in the matter of the textile industry, but in other directions, have been too hesitating and have therefore proved ineffective. Protection to an industry might mean either that, sufficient support should be given to meet an emergency and to unable the industry to stand on its legs. There may be help to an Industry to the extent to which it will be enabled just to exist without going into liquidation or without stopping production. There may, again, be protection to the extent of enabling the industry over a stretch of time to give a reasonable return on the capital sunk, or on the present day value of the capital equipment. There may again be support to an industry of such a nature that it will not only enable the best concerns in the industry to pay a dividend, but it would make it possible for weaker concerns also to survive and to strengthen their position. The Committee would invite consideration of the Tariff Board to this problem as to whether it is desirable on national grounds, while admitting the need of protection to the textile industry, to arrange protection in such a manner as to induce a flow of more capital into the industry. In other words, is the object merely to keep the industrial units now at work just alive, or,

is it the intention to enable them to prosper to such an extent as to render the textile industry attractive to investors and, by this method, to bring more concerns into existence and to render India self-sufficient in the matter of cloth? If more mills are set up and if they compete with one another, the internal competition would have the effect of reducing prices, that will give reasonable return not on the worst plant, but on the best. In the free scope of this internal competition, which one can believe, is existing in India, is the hope that protection given to the textile industry will not be a permanent incubus on the consumer, but will merely favour units established in India until such time as production has substantially expanded. The Committee are convinced that adequate protection should be of this dynamic character. Its aim should not be merely to ward of some immediate danger from the dumping of foreign cloth into India at a low price. Its aim should be to render such dumping out of the question. Protection should be so high that it would not tempt foreign producers to invade the Indian market, on which, they must realise that the first claim is that of the Indian producers.

In suggesting a through measure of protection for the textile industry, the Committee are not overlooking the larger question, which has been allowed in the past to loom unduly, *viz.*, the interests of the consumers of cloth. No moment would be more opportune for the adoption of full protection to the textile industry than at present, in the sense that cloth prices have reached the pre-war level. The consumer of cloth had to pay high prices for many years after the war when these high prices brought no benefits to India. The price of standard long cloth had gone up to anything from Rs. 2-10-0 per pound to Rs. 3-4-0 per pound, and it has now come down to 9 annas. The argument from the side of the consumers loses all its weight in a period of declining prices as at present, and in any event it is to the ultimate benefit of the consumer that the cloth for his requirement should be produced under the conditions of freest competition locally in India and should be available to him without the heavy incubus of transport and intermediate commission charges, which are inevitable in the case of foreign imported cloth.

The other aim of protection, which the Committee consider important, should be to eliminate such disadvantages as the Indian industry has, as compared with industry of other countries. The Committee feel that the Indian industry is handicapped in comparison with foreign producers in the matter of the initial price of machinery, and subsequently in the matter of imported stores, which have to bear not only transport and middlemen's charges, but also duties, which are heavy in some cases. The Indian mills stand at a disadvantage in the matter of the efficiency of labour, which has shown progressive improvement and which will certainly improve as time goes on, provided they are given a chance. The Indian textile industry had in early stages to import some of its superior labour, and are in some cases even now paying heavy salaries for this imported supervision. But this also is a factor, which will disappear with the process of time. The industry in India has another disadvantage, *viz.*, that it relies solely on the Indian market, and a period of temporary disability of the Indian consumer puts them in a serious quandary as they cannot average on the sale of their goods abroad. Such export markets as India had at one time, have been constantly shrinking, and their survival is extremely doubtful now that the home market itself has become the field for aggressive attacks from outside. In the matter of finance, the Indian mills certainly stand at a disadvantage through the defective banking organisation of the country, which demands two signatures. The average bank rate in India is much higher than the average of many other centres, certainly higher than the English bank rate, and it is not merely in the level, at which they borrow, but in the terms and conditions on which they borrow, that those in charge of the industry find themselves handicapped.

There are other disadvantages to the Indian manufacturer which will be seen by the Tariff Board in the course of their enquiry, such as very heavy transport charges on rail on account of the great distances in the country. It has been stated that the charges from Bombay to Calcutta and Ahmedabad to Calcutta by rail are actually higher than the charges which cotton pays for transport from India to Japan and as cloth for being brought back from Japan to Calcutta

inclusive. The Committee would like the Tariff Board to enquire into and consider this point, and even if the disparity is not so great, as is reported, it is a serious difficulty and if there was a national policy in regard to the Indian textile industry, it is inevitable that this question should be gone into. The Committee would like in connection with this that at least the interior markets in India should be reserved for the Indian textile industry and that, for the transport of foreign cloth from the principal port to the interior a special and heavy surcharge should be levied. This measure would have the dual effect of putting more money into the pockets of the Indian railways, which are the property of the taxpayer, and also to some extent of correcting the handicap in respect of transport, from which the Indian mill industry suffers.

There are, it would thus appear, certain permanent disadvantages, from which the industry must continue to suffer until India is self-sufficient in the matter of machinery and stores, and until the banking system of the country has made considerable progress. There will be found, on the other hand, several directions, in which some of the charges paid by the mills at present, and some of the elements of that cost, could be reduced by better organisation and progressive efficiency. Until that time the need for protection is definitely postulated, and it is urged that this protection should be given on an adequate scale subject to certain conditions.

The Mills in British India also have a disadvantage in comparison with mills located in the Indian States in the matter of laxity or absence of boiler inspection and factory law limiting the hours of working. The absence of income-tax, super-tax, and all municipal charges also gives an unfair advantage to concerns located there.

Apart from these elements affecting the cost of production of the Indian article, the other factor, which has always to be reckoned with, is one affecting the selling price. Whenever foreign imports are offered in the Indian market at a price lower than they are sold in the country of their origin, or at a price lower than that at which

similar cloth can be produced and placed on the market in India, it is now usual everywhere in the world to consider this as objectionable. The economic practice in the world is no longer concerned with fine definitions of dumping, and since this process of penetration can arise through deliberate action on the part of organisers of trade in a foreign country, or their shippers or their carriers, or their bankers, or all of them, each country, which seeks to safeguard its industries, has now provided through the ordinary mechanism of the tariffs some means of immediate and prompt adjustment. With regard to India, these instances of dumping are by no means rare, but no immediate adjustment has been known in the past. Looking back, it may be said that, had some machinery existed of this kind, the Indian textile industry would have been in a much stronger position to give a fight than it is to-day. It may be mentioned for the information of the Tariff Board and to enable them to prole this very significant question deeper, that the actual indent price is not in all cases the final price of the foreign cloth. There are various rebates, various accommodations, various facilities with regard to D/A bills, low carry-over charges for interest and special commissions and rebate under circumstances, particularly when prices have fallen, or, are falling when competition has to be met. There are, further, on various occasions liquidation stocks of parties, who have paid in some margin money, but have not been able, for some reason or the other, to take delivery of the goods. Whether the percentage of such liquidation stocks is more in the case of India's imported cloth than in the case of local mill cloth, is a matter for the Tariff Board to consider. But, should these liquidation stocks be considerable, if not in normal, at all events during such abnormal period as the last three years, they are bound to effect the marginal selling price and, through that, the wholesale price in the market, which Indian products can realise.

The Committee of the Chamber would refer to the general principle already enunciated and accepted as part of Government's policy in India, that, whenever an industry is protected, certain essential national conditions should be specified. While some of such conditions are common to all the industries, there are bound to

be some variations according to the spread of the industry and the peculiar circumstances existing therein. On the principle that the textile industry deserves protection, because it is of national importance, the Committee would like to enunciate certain conditions calculated to improve the textile industry itself, and certain other conditions calculated to give an impetus to other organizations and industries also of national importance. The conditions are as follows :—

1. All concerns affected beneficially by the tariff policy of Government should have a majority of Indian Directors and Indian Shareholders.

2. All concerns benefitted by the tariffs should put all their insurance with insurance companies registered in this country.

3. All mills should give preference to stores produced in India, and some part of the money received from the protective tariff on the foreign cloth should be used by Government towards subsidies to reputable concerns producing the stores required by the Indian mills, as also for technological research and instruction.

4. The Millowners should encourage the use of Indian coal.

5. That no new mill coming into existence hereafter should have a contract for management with a firm and should have it for a duration of more than five years. In other words, there should be no Managing Agency contract, and such contract should come up for renewal at the end of every five years.

6. That old Managing Agency contracts should be carefully revised and that portion of these contracts, which provides for the continuance of management in the same firm or their heirs and assigns, at the end of the first stipulated period without a reference to shareholders, should be regarded as *ultra vires*. In other words, even in old concerns when the period of the present contract

falls in, the contract should be subject to a renewal for the same period for new comers as provided in 5 above, by the approval of the shareholders.

7. That Managing Agency contracts other than those, which fix the remuneration on the basis of profits (it should be net profits in all cases) involving the payment to the Managing Agents on the basis of production, or on the basis of purchase or on the basis of sale, should be regarded as void after the lapse of two years, during which period the Managing Agents could get a revised basis of remuneration on a fixed basis of profits accrued to the shareholders.

In justification for the above conditions, which are indicated, the Committee would like to make clear their attitude. They consider, that what goes out from the pockets of the Indian consumer should fall either in the hands of the State by way of tariff, or should go to strengthen the position of Indian concerns, *i. e.*, of Indian shareholders. Should it be diverted into the pockets other than Indian, the whole object and purpose of imposing a burden on the consumer would be defeated. In a regime of free trade and low tariffs for revenue purposes, this question could not loom very large. But in all countries, which have a system of scientific tariffs calculated to build up the industries behind a tariff wall, this question has been attended to, and in some manner or the other, there is watchfulness that the benefits of tariff should not fall in alien hands. There is no intention on the part of the Committee that any existing concerns should be penalised, but it is very necessary in order to lay the foundation properly of a policy, which appears to be unavoidable through the economic necessities of India, that the general principle must be clearly and properly laid down.

With regard to the question of supporting Indian Insurance companies, it is not merely on grounds of sentiment that this suggestion has been put forward, but because insurance companies are agencies for collecting the savings of the people, and foreign insurance companies working in India have no obligation at the

moment to keep their premium income in this country or to invest their reserves or their funds in India. The diversion of these funds collected from Indian industrial units to a foreign market, imposed a disability on the Indian money market and raises the level of monetary rates all round, which penalises all Industries, including the textile. It is not intended that the regluar business of any foreign company in this country in the matter of fire and other insurance in connection with the textile industry should be taken away. What is intended is to induce them to be incorporated in this country and to carry on their business in the usual manner. It is the opinion of the Committee that it is only the companies registered in India that contribute at all times fully to the Indian income-tax revenue, and by one process or the other foreign companies manage to under-pay. It would be impossible to envisage a correct economic policy in relation to the textile industry with reference to tariffs alone, without simultaneous attention being paid to points of this nature.

The Committee have taken great interest in the question of the production in India of various items of stores required for the textile industry. They recently organised an exhibition of such manufactures and it is their conviction that in the matter of quality and price, it is not only possible theoretically, but it has now been demonstrated that requisite articles could be produced. The producers of these articles are in many cases suffering not only from the prejudice of the users in favour of the imported article, but also from real disabilities in the nature of getting the proper raw material, or in the matter of excessive and heavy tariffs on the raw materials, which they use. It is the fundamental principle of a protective system of tariffs that there should be some kind of linking between cognate industries, so that progress may not be one-sided, but well supported with parallel growth on all sides. For this purpose it is in the interests of the textile industry itself that, greater effort should be made in this direction and, in order to encourage these efforts, the means, which would be found more economical and less objectionable to the user of these stores, *viz.*, the textile industry, would be a survey of the

article produced and a periodical report on the articles, which are still imported and not being produced in India. The other measure, which is necessary, is the granting of subsidy on the basis of quality and of origin in the matter of articles of general requirement for the textile industry, spoken of generally as 'stores'. The Committee fear that any such recommendation involving a burden on the taxpayer may be turned down, and they would, therefore, suggest that a part of the increased revenue from additional duties on cloth, in order to give adequate protection to the textile industry, may be set aside for this purpose. It is in the ultimate interest not only of the textile industry, but of the consumers of cloth, that India should be made self-sufficient in the matter of these stores. Japan, America, Germany and other countries, which have made an advance in the textile industry, have not been found negligent in these matters to the extent to which such negligence appears to be the case in India, and the Committee are very strongly persuaded that this is because they have a well thought out economic policy, whereas in India there has been a policy in the past of pure drift. The Committee cannot absolve the textile industry altogether from blame for this lopsided development and deficiency in India's industrial growth in these directions.

With regard to the question of the managing agency the Committee would not like to go into the same in detail. The point has already been considered by the previous Textile Tariff Board and has subsequently been considered by a Public Committee, *viz.*, the Indian Central Banking Enquiry Committee. The Committee are in general agreement with the views expressed in the Minority Report, an extract from which is appended herewith. It would be dangerous to allow any further period of time to elapse before the necessary reforms are introduced in this direction and, while it is true that the question affects not only the textile but other industries, it would be a grave omission from the recommendations of the Tariff Board, if they did not bring out the defect of the managing agency system in two directions, *viz.*, in the direction of raising costs and in the direction of absorbing too large a share of earnings and profits so as to check the flow of

new capital investments. These points could be dealt with even if the Tariff Board were fully satisfied that under this system efficient management is not only possible, but actually prevalent in most concerns. The Committee are convinced that the managing agency system has had its day and, whatever good purpose it may have been intended to serve, its uncontrolled continuance could not but prove serious harm. The suggestions Nos. 5, 6 & 7, are therefore conceived in a spirit of conservatism so as to involve the least departure from existing conditions, but the Committee think that this much change is called for in the interests of the industry itself.

It is not proposed to answer seriatim the questionnaire which has been issued, as it is expected that the same would be dealt with by the various technical associations representing the industry. But, on some of the questions large principles affecting trade generally arise, and the views of the committee are expressed hereunder.

Q. No. 1:—The attention of the Tariff Board may be drawn to the fact in technical economics known as dispersion in competition. It is notorious that in India there is no question of quality. There are various classes, which are content to purchase whatever they can afford and whatever they are given cheaper. Cheapness rather than the quality has been unfortunately the governing principle in dealings for the Indian market, and for this purpose the Committee must take exception the suggestions in V and XV of Mr. Hardy's report. In fact in XVIII Mr. Hardy himself admits the cheaper imported cloth competes irrespective of quality with the local cloth and the governing factor of such competition, which is not as indirect as he implies, is price and not quality. With regard to XXI it is not true that artificial silk cloth competes with silk goods rather than cotton goods. Artificial silk and mixed cotton and artificial silk fabrics come also in direct competition with cotton goods, and, on account of the extraordinary cheapness at which these have been placed in the Indian market, they create a problem by itself. The view of the Committee is that the consumer will not be penalised unduly if artificial silk cloth and mixed cotton and artificial silk

fabrics were singled out for special treatment either by complete prohibition thereof, or by a prohibitive tariff on their entry.

Q. Nos. 3 and 5:—The prices in the wholesale market depend on the price quoted for similar description of cloth either by the Indian mills or by the import houses for Japanese and Lancashire mills. When the import price is cheaper, the effect is not always straight away transferred to the users of the Indian cloth, where wholesale merchants have already contacted with the mills for forward delivery. But effect is felt in new contracts and the relative amount of additional Indian cloth going into the market or additional imported cloth going into the market at the new reduced price, depends upon the stocks in the hands of the wholesale merchants engaged in the respective trade. The wholesale merchants themselves have often to lose under conditions of a falling market and in that case they approach the mills for new lot being given to them especially low in order to enable them to average. The Committee would consider it very extraordinary and most unusual in the long run and over any stretch of time that Indian mills could realise a greater price for their cloth after similar imported cloth has been offered at a lower price. This would be the condition in central markets like Bombay and Calcutta, and not necessarily in isolated markets within the distinct sphere of influence of the local mills at interior centres, such as Indore, Cawnpore, Allahabad and Madras.

Where imported cloth of similar quality is offered at a higher price, the tendency of the Indian mills would be to realise the same higher price, but against this tendency is the internal competition, which is very severe. This competition is modified sometimes by the question of an earlier delivery, and a mill may occasionally realise a higher price, because they are in a position to supply and manufacture earlier, but, if the time element were eliminated, the competition is undoubtedly very severe, and any suggestion that the price of Indian made cloth remains high and thus penalises the consumer, is untenable when the stocks are plentiful and when the demand has not gone beyond the productive capacity of the mills. In recent years, such circumstances have certainly not arisen and where prices of imported cloth are

falling faster than the prices of the local cloth, such circumstances cannot arise.

Q. No. 6:—At a certain level of protective duty production takes place on the basis that, those centres that are advantageously located, or have any other points in their favour, make greater profits. At any particular time some centres in relation to others and some factories at the same centre in relation to others must be located less disadvantageously. Those who are making greater profits are prone to expand their concerns and at those centres more concerns would come into existence. Such expansion has been going on. But any effort to estimate the rate of such expansion, which depends upon more causes than merely the existence of a certain level of duty in its relation to different centres, would not be very conclusive or useful. On the other hand, the removal of the present level of duties in 1933 may conceivably harm some centres more than others, and the harm must reflect itself ultimately in slackened production all round and not merely at some centres. The suggestion that the total failures of some centres would give greater incentive to some other centres if the same were brought about by the withdrawal of protection, is not tenable, because, failure at a certain centre may mean the loss to existing share-holders and the stoppage of the factory for a short time, the inevitable process of liquidation and the transfer in the hands of the creditors or debenture-holders, who would start on a lower capitalisation. They may also be possibly under a more competent management. The stoppage of an industry through a period of acute depression, which would be the result of the removal of protective duties in 1933, may not take the form of the displacement of production, but may only take the form of the wiping out at some centres existing holders and transferring the ownership of the factory into other hands. Capital equipment located at one centre will not move out of that centre for a long time after it has been demonstrated that all the units cannot be worked profitably. The growth of the industry in India has been greater with regard to mills located in the interior than with regard to mills located in Bombay, but that is with reference to new mills only.

Q. No. 10 (vi) :—Hand spinning in direct competition with machine cannot stand, but hand spinning as a means for the utilisation of surplus labour, which would be otherwise wasted, for the addition of a very small amount to the family budget, has come to stay in India and will continue so long as conditions of extreme poverty exist. Where the yarn spun in this manner is woven into cloth on hand looms in the interior and made available directly to the users without the intermediation of the process and the sale and the purchase, hand spinning has an advantage and has a real economic basis. Such cloth, however, cannot stand in competition with mill made cloth, whether imported or local, either in appearance or in price. It can seldom bear the cost of transport to the central market for being redistributed from that market. Khadi is a very useful economic activity for cotton producing districts in India for the supply of cloth direct to the farmers, whose women would do the spinning. But, when it enters the field of commercial operations, it suffers many disadvantages. The natural protection is the cost of transport, of the mill made cloth from the producing centre to the consuming centre. To the hand spun and hand woven cloth, the mills are as much a menace as the imported cloth or even more To the extent to which tariffs have the effect of maintaining prices of mill made cloth in India, *i. e.*, of preventing them from falling below uneconomic levels, the tariffs would certainly help hand spun and hand woven cloth. The same effect has been worked out *viz.*, the effect of such duties on the price of yarn produced by Indian mills.

Q. No. 11 :—The Indian textile industry offers a market to the cotton growers of India and it gives a mutual co-operation as the growers of cotton are also the consumers of cotton cloth. Indian economic life would be much weaker if India were producer of cotton merely for export and had to rely for her cloth on import. Since the cotton produced in India is only partly exported, it is an item of strength to the cotton grower, but on the portion, which is exported, he takes a risk of the buyer economising or turning elsewhere for his supply either permanently, or whenever Indian cotton is in parity, or, where any other extraneous

exchange or other factor intervenes. It is to the interests of the cotton grower of India that Indian mills should expand production, so that a still larger portion may be earmarked for Indian consumption, leaving only a smaller portion to the vicissitudes of world trade.

Q. No. 12:—The Committee were opposed to the imposition of duty on the import of cotton in India, which, in their opinion, was done for revenue purposes only. The suggestion that it would help the growth of long staple cotton was merely a general suggestion. The Committee were not aware that the position was examined by anybody as to at what level of price and what scale of duty bringing up that price would induce the growth of long staple cotton in India. The question of the growth of long staple cotton in India is complicated, and there are many other points to be considered from the point of view of the grower than merely the price, which it would fetch. Relatively the advantage to the grower has been in the growth of short staple cotton and the imposition of the duty during the year when even in this established line the grower could not get enough to meet his costs, is altogether inconclusive, from the point of view of the query as to how far the duty would assist the agriculturists. It is lamentable that Government research in these directions and the efforts of Agricultural Departments in so many places have not proved a conspicuous success, and their failure through other causes could not, in the opinion of the Committee, be made up by the imposition of duty on imported cotton.

Q. No. 13:—Whatever the object of this query may be, the Committee would like to point out that to their knowledge there are not many kinds of cloth, which are imported, but which are not being produced in this county. It is true that all mills have not equipped themselves with bleaching machinery and many mills are not fully equipped with the dyeing plant necessary for the production of every description of current cloth. The indirect competition between the imported and the Indian cloth is irrespective of quality, but the direct competition is also there, and the Committee would like the Tariff Board not to judge the volume of competition by the fact that larger quantities of bleached and coloured cloth are

imported than are produced in this country, but to view the situation in respect of keenness of competition by the fact that, Indian mills attempting production in these directions have to compete with older and established concerns located overseas and if at all from the point of view of a scientific scheme of tariffs, the amount of protection, which they should be given, would have to be greater and not less. This is being indicated as the question in the form, in which it appears in the questionnaire, is capable of the other implication.

Q. No. 29 :—The Committee have nothing to say with regard to the rates of depreciation allowed for income-tax purposes, except that, where a mill is working on double shift, higher depreciation is not at present allowed, and the correspondence, which the Committee had with Government on this subject, has been unsatisfactory. The same is enclosed herewith. According to the Committee's information, greater depreciation is allowed for mills and factories working double shift in the United Kingdom, and even if it were not so in the United Kingdom, it only stands to reason as the wear and tear during night shift is actually greater on account of the carelessness of the men and inevitably smaller supervision at night than is possible during the day. No mill goes on night shift unless it is profitable to do so, and since such profits are liable to assessment it would seem very unfair that the income-tax authorities should not make allowances for the extra depreciation for night work, which have enabled these taxable incomes to accrue.

Q. No. 31 :—The banking system in this country is, in the opinion of the Committee, extremely defective and is further labouring under a bad tradition, probably the outcome of certain clauses of the Imperial Bank Act, which require two signatures, but the two signature rule, though not compulsory for other banks, has been adopted by them and in the case of the mill company, the position unfortunately has been that mill companies cannot borrow except on the joint signature of the company through two directors and of the managing agents. The second signature is obviously the case of a guarantor. If the assets of the mill itself become the basis of credit, then the additional guarantee of the second signature should not be

necessary. The result is that even good mills, when the private financial condition of the managing agents has been weakened, suffer. In any case the banker himself does not take care to assess the credit—worthiness of the enterprise as such on the basis of the assets of the Company. Some of the banks would not lend against the block of the company at all, and others would lend only against liquid assets on margin. Thus a mill company, whose block is worth fifteen lakhs and whose liquid assets are worth ten lakhs, would in some cases be able to borrow not more than six to six and a half lakhs and that with the additional guarantee of the managing agent, who may be worth anything from one to fifty lakhs. Such a system is obviously unsatisfactory. Its existence merely in India and possibly in one or two other places in the East, but nowhere in advanced countries of Europe, America, or in Japan proclaims it as archaic and as undesirable and calling for reform. It is not for the Tariff Board to do more than to draw attention to this thing, but since every disability in acquiring working capital raises its price and tells in the long run on the competitive capacity of the industry, the Committee have mentioned this here.

The system of direct deposits is fast breaking down in Bombay, though its vogue is still unabated in Ahmedabad. This is also a point, which has been dealt with by the Central Banking Enquiry Committee, both the majority and the minority reports, and until the banking system improves, the Committee would like to entertain the hope that the system of direct deposits will not altogether disappear.

When Government raise their borrowing rates on postal certificates and when Government issues Treasury Bonds at 6½ per cent (capable of escaping income-tax through deposit through the post office), it is the considered opinion of the Committee that a lot of money, which would have gone into banks as deposits and which would have gone to mill companies as deposits, was diverted. On this question also both the majority and the minority reports of the Central Banking Enquiry Committee speak eloquently, pointing out how the policy of borrowing by Government should be such as

to incommode trade to the minimum extent and not in the manner in which unfortunately it has been the case for some years in India.

The money borrowed by mill companies for working capital takes the form of—

(*a*) debentures,
(*b*) finance by the managing agents, and
(*c*) loans and cash credits from banks.

The rates for such debentures have been heavy and the possibility of floating them successfully has not been always there. The need for special institutions to finance industry, which will appraise the credit of the concern and give loans, that would be good for more than one year, has been indicated in the reports of the Central Banking Enquiry Committee. The financing by managing agents has in recent years led to much comment in connection with certain companies, where the managing agents insisted on the mill company guaranteeing the return in gold dollars. The Committee understand that the Shareholders' Association have given the details of this to the Tariff Board and they would not, therefore, dilate on this issue here. The loans and cash credits from banks are generally for a year or two, but are technically often terminable on demand. Even a prosperous and well-managed concern, if it borrows at all for working capital, would not have the cash, but would have the goods, and a condition involving so much safety for the lender and so much risk for the borrower does not seem to be altogether a happy condition. The rate in such cases is as a rule one per cent. over the bank rate, and in this connection the Tariff Board will doubtless know that the average bank rate in India in comparison with the average bank rate in Lancashire and in Japan, is higher. In connection with Lancashire, the scheme, by which special loans were to be given at 4½ per cent, in which all the big banks were to co-operate at the instance of His Majesty's Government, may be contrasted with the action of the Government of India at the same time, who not only raised their borrowing rates and diverted much money, which would have gone to the financing of the textile industry, into

their own pockets, but gave on direct assistance in the matter of cheap finance to the textile industry. The Committee understand that even the offer made of giving cheap finance for a considerable period on condition of rationalisation and reconstruction was hedged with many terms and, because this scheme of 'pooling,' which has not been found to be practicable even in the United Kingdom, cannot be carried out in India, that offer of financial facility appears to have been withdrawn.

Q. No. 32:—The Committee are very glad that the question has been raised direct by the Tariff Board as to whether that goes into the pockets of the managing agents, is "a fair standard of remuneration." The remuneration should be reckoned as the charges for management and should be compared with similar charges in other countries. All the concerns in the textile industry do not suffer equally from overcharge, but there are many managing agency contracts involving payments to the managing agents either on production or on sales, or on purchases, or profits before depreciation has been reckoned, to which there would be no parallel anywhere in the world and which undoubtedly absorb larger sums for management than are involved in the management of industry elsewhere in most of the countries of the world. It has been represented to the Committee that the textile industry would be *non est* if there was any interference with the activities of managing agents, or with their terms, conditions, and their remuneration. The Committee, however, have no such apprehension and have already indicated in a previous paragraph the need of immediate reform even if it should not go to the fullest extent and even if it were not too drastic to start with.

Q. No. 33:—For the purposes of this question it is necessary to define the term 'Managing Agents.' Any employee of the Company who is found charging the Company more than what has been actually laid out for any services or commodities purchased by the Company, or, who does not give credit to his employer for any return of commissions or rebates, which are received, is under a common law considered a thief and would be liable criminally. Why Managing Agents should not be regarded and defined in law

as servants of the Company, whose responsibility in these matters should be the same as that of an ordinary employee to his employer, the Committee do not know until this is done, there is a large amount of fiction of the 'Managing Agency firm' being engaged in trading and agency business of different kinds, and they are not answerable when they do such trading and make profits even at the expense of concerns, whose Managing Agents they are.

Q. No. 35 :—The Committee have on previous occasions urged for a revision of the Companies Act, and they understood from Government that such revision would be adopted after the new Companies Act was inaugurated in the United Kingdom. This has been done in 1929, but there is no sign in India for the much needed revision of the Company Law, of which the change in certain sections and the addition of certain new sections would go towards the elimination from the management of the textile and other industries of the evils of the managing agency system. If the system cannot be cured and brought within reasonable bounds, at least to eliminate the obvious perquisites and payments taken by the agents in excess of the standard and proper rate of remuneration for management, the system should be altogether ended. An early attempt to consider the Company Law as a whole, and this matter in particular, will, the Committee trust, be made.

Some portion of this question is covered by the preliminary note, and it is expected that the rest could be dealt with adequately by technical associations and organizations representing labour.

Q. Nos. 35, IV & V :—These two questions are inter-connected. Specialisation of a particular mill entirely to one kind of cloth would be greatly facilitated by amalgamations or pools for selling or some kind of effective working arrangement between the mills. The vested interests of Managing Agents are undoubtedly one of the serious deterrents and, on further enquiry, it is expected that the Tariff Board will discover that this was one of the principal causes for the failure of the rationalisation of industry and the pool, for which preliminary enquiries and valuations took place some time ago. The specialisation of one mill on one kind of cloth would

smoothen the work of administration and would eliminate much cost, but it is not possible if the range of machinery is from what was installed in the days of Adam to the latest frames added. There is also the question of waste, which must be economically disposed off and which is at present partly utilised for working the lower counts. There is further the question of the sale of cloth, which takes place at present through different channels, and every selling agent demands as large a range of products as possible, in order that the wholesale merchants can satisfy the wants of their constituents from the same source and can also play off one mill against the other in striking a suitable bargain.

In any case it appears to us essential that one or two large organisations should come into existence exclusively for the purpose of the export trade in cloth on the Japanese model, even if for the time being the liberty of individual exporters in the matter of cloth is not restricted. A combined sale organisation in different markets is essential in order to ensure quick decision when prices are falling, so as not lose the market altogether. The individual exporter is only concerned with making his two ends meet, and if a particular market, in which he has a footing, is invaded by aggressive dumping from other manufacturers, he seeks his market elsewhere without any regard to the consequences and often without even the knowledge of the producers that they have been knocked out of a particular foreign market. The appointment of commercial representatives on the part of India has not proceeded as fast as this Chamber desired, and it would be for the Millowners' Association to say how far they have failed to receive any assistance with regard to markets abroad. The trade figures indicate that India's position as exporter of cloth is being weakened everywhere on the Continent of Africa, in Arabia and in Persia.

Q. Nos. 35, VII, VIII and IX :—The view, which the Committee take on these questions, is that, if what may be called the pitch or degree of protection recommended by the Tariff Board and sanctioned by the Legislature is adequate, it would only be just and fair that the legislature should have power of imposing suitable conditions,

some of which may appear harsh to individual concerns and to individuals with vested interests, but which are in the long run calculated to secure robust growth of the industry and to enable it to stand in open and free competition. Protection ought not to be the means of perpetuating obvious defects in organisations merely because the community is used to seeing defects and the interests of highly placed individuals stand against the proper re-organisation of the industry. What the legislature should keep in mind is the interests of the shareholders, who have invested their capital in the industry, and of the labour, who are finding their livelihood in this industry. It is the retention of wealth in India and the creation of more wealth, which should be the objective, and this central idea should overcome in the end objections against proper account being kept, against concerns receiving protection being placed on the basis of an up-to-date valuation and being called upon to restrict the dividends until they have made adequate provision of reserve for the replacement of machinery and for any other conditions, which the industry may have to face. At the same time, the Committee are confident that all genuine difficulties, which are brought to the notice of the Tariff Board, would be considered and a way out would be found, which would be fair and which would, while imposing suitable conditions in the interests of the community, not be unduly provocative or too drastic and too rapid.

Q. Nos. 35 and X:—It is not the desire of the Committee to comment on the organisation and activities of the Millowners' Association, but it may be mentioned that beyond maintaining statistical record their work in other directions does not appear to have been very helpful. The most promising step, which they have taken so far, is in respect of insurance in the matter of Workmen's compensation. But why such co-operation between their members should not go to insurance against fire as well, the Committee have never been able to understand, unless it is the vested interests of managing agents in the agencies of foreign insurance companies, which they maintain and from which they get rebates, which should, properly speaking, go to the mills, but

which are credited to their own account. Unless co-operation is instituted in directions, where the advantage is obvious and the difficulties are not serious as in the matter of insurance, the Committee have no hope that co-operation should come forth at the hands of the Millowners' Association in the more serious purposes such as are indicated in the question with regard to the purchase of cotton. A most important thing which the Millowners' Association can do is indicated in earlier paragraphs with regard to watching India's interests in foreign markets and setting up large organisations calculated to act immediately not in the interests of one manufacturer or of a wholesale merchant, but in the interests of the industry as such.

Q. No. 38 :—The Committee would invite the attention of the Tariff Board to the telegram, which they sent to the Government of India on this subject on the 29th June, 1932, which is reproduced hereinbelow and which speaks for itself :—

> "Committee, Indian Merchants' Chamber invite Government's attention to serious situation of indigenous articles with which imports from Japan compete, particularly the Textile Industry owing to the collapse of the Yen exchange and cotton operations of Japan. Committee feel need of immediate interim action in the nature of special heavy tariffs to counter this position. Committee regret that Government should still persist in their policy of keeping the Rupee still linked with Sterling when disastrous consequences occur to Indian producers and manufacturers. It is hoped that Government will now leave off their mistaken exchange policy. Committee request Government should consider measures and if they desire consultation with representatives of Commercial Bodies Committee will send representatives as early as Government desire."

Q. No. 39 :—This question is partly covered by the preliminary note. In regard to tariff rates, it has been indicated there that the rates should be adequate, and the error if at all should be on the side of more protection than less as the result of a too minute discrimina-

tion has been disastrous in the past. The same considerations apply to the fixing of the period. It is true that things are changing rapidly in the world, but they are also changing for the worse, and unless and until a machinery is set up on the model of the United Kingdom, or some of the continental countries, which will keep a watch and adjust the tariff policy at once to a new situation without any reference to the legislature, the period, for which protection should be fixed, should not be three years, but seven. The only argument against a long period is that, if things improve quickly, the benefit going to the producers would be considerable, and the consumers of cloth will be penalised. The benefit going to the producers would partly flow back into the treasury of the State from income-tax and would partly go into the expansion of industry, particularly if there is some restriction over the dividends during the period. This would not be at all an undesirable result, and the apprehensions against a longer period should be therefore not taken too seriously.

Q. No. 39 :—The Committee would deprecate any attempt to break up tariffs into several classes, either by the qualities of goods or by the country of origin. Where duties are *ad valorem*, the question of the class of goods works itself out at once. On the ground that India is backward in the production of finer qualities, the tariffs for finer qualities should, if at all, be higher. From considerations of scientific taxation, on the basis that the finer qualities will come into the use of that class of the population, which has better resources the duties on cloth produced on finer counts, fancy cloth, on bleached cloth and on superior quality of coloured and printed cloth, should be higher.

With regard to the arrangement for making distinctions in the scale of duties on the basis of the country of origin, on the strictly economic ground it may be pointed out that, if the period of protection is long, such distinction would result in great anomalies. The growth of importation of a certain class of goods from Italy some years ago, and from Japan in recent times, would indicate that the danger to the Indian industry might arise suddenly and from an unexpected quarter, and any arrangements, either on the

basis of the past, or on the present basis in favour of any particular non-Indian manufacturer, might defeat the whole object for which the Tariff Board is sitting and for which the legislature would institute protective tariffs. In this connection it may be remembered that tariff is only one of the factors leading to the selling price of foreign cloth in India, the other important factor being exchange. The Committee feel that the exchange policy of the Government and the pegging of the ratio at 1s. 6 d., when the whole country wanted it at 1s. 4d., has undoubtedly hit the organised production in India including that of textiles. Recent experience in the matter of the Yen also shows that tariffs alone are powerless to grant that protection to an industry which, it must be presumed, the legislature really intended to grant.

From the political point of view, charity should begin at home and if the claim of the Empire is to be considered at all, the claim of the Indian manufacturer should be acknowledged as supreme, and if the Empire products are to be protected against non-Empire products in the Indian market, then the principle that the Indian product must be protected at all costs even against Empire products, must be not only enunciated but a suitable machinery must be provided to enforce it. Unless India has a definite *quid pro quo* from the Empire, any preference in favour of Lancashire in the Indian market is to be deprecated, as it will not only bring about retaliation from India's important customers, but may prevent the growth of manufacture of fine cloth, which is already under way and which is giving good promise. The Committee would therefore condemn any attempt to differentiate duties with regard to the country of origin. They would suggest that a basic and substantial duty, which should be uniform, be levied on foreign cloth entering India from everywhere, which should in itself be such as to guarantee a fair return to those concerns that may be regarded as fair average specimens on the Indian standard. The Committee trust that there will be no differentiation in relation to the country of origin, but if after mature consideration any such differentiation is coming on a clear conviction that there is an advantage to India—the Committee very much doubt this contin-

gency—then the basic duty at all events should be very high and any preference should take the form of additional duties rather than reduction of the basic duty in favour of an individual country.

Q. No. 40 :—Specific duty is an advantage from the point of view of collecting the tax as well as from the point of view of enabling the manufacturer to know where he stands, provided it is a uniform specific duty as it has been in the past. Specific duties fail in their object when prices rise and a machinery for quicker adjustment is therefore required under these circumstances without any reference to the legislature. A provision should be, therefore, made to empower the Collector, of Customs, whenever the specific duties fall below a certain percentage of the value, to increase the same at once without waiting for the orders of Government, and to report the same to the Commerce Department. Specific duties have also the effect that the same rate gives a different percentage of duties on different qualities of cloth ascending as we go down to the lower counts. This would lead to attempts on the part of the importer of foreign cloth at evasion by means of the import of ready-made clothing, shirts, caps, etc. As such things not only hit the manufacturer of textile, but also take away wages from local tailors, provision must be made against such evasion in the case of coarser cloth, on which the incidence of specific duties is heavier. When prices fall, specific duties go beyond the percentage intended by the legislature, and become an item of heavier taxation, benefitting incidentally any established industry which may be in the country. This has been known to be the case with regard to sugar in India, but the Committee do not regard it as a very serious risk in the matter of textiles, as prices are fairly low to-day. Should this situation arise, it would mean more revenue for Government without the consumer feeling the extra burden, as the total cost to him will not be increased. It may incidentally mean a greater degree of protection to the textile industry, which would lead to the growth under conditions of full internal competition and therefore this would also be ultimately in the interests of the consumer.

Q. No. 43:—The Committee have already indicated that cloth made from artificial silk has played more serious havoc in India not

only against local manufacturers of silk but also against certain classes of cotton textile. The improvement in its quality, which renders it less fragile than before, shows that the danger is still great and it would be against national interests to allow an established industry of the country to be invaded by a foreign product, the possibility of whose production is yet very far. Under the circumstances it is suggested that the interests of the community would be best served by shutting out the importation of cloth made from artificial silk altogether either by total prohibition, or by prohibitive tariffs.

With regard to the import of artificial silk yarn, opinion in India appears to be divided. There is a school strongly urging the total prohibition thereof. Some of the Millowners have advocated the continuance of such imports and they were right in this advocacy, so long as the import of foreign cloth of mixed cotton and artificial silk was free and was competing against them. The Tariff Board would have the benefit of close consultations with them on this point, but the view, which the Committee take with regard to artificial silk, is that the bulk of the popualtion is ignorant and incapable as consumers of knowing their own interests in the matter of the artificial silk, which has a very attractive appearance at the time of purchase, but whose durability is notoriously meagre. Why the interests of a few traders should be allowed to inflict on a large section of the community this injury, until they become by experience more wary, the Committee do not see. The Committee therefore trust that it will be in this spirit that as severe a restriction as possible in the economic interests of India, would be placed against the imports of artificial silk yarn and cloth of mixed cotton and artificial silk.

Q No. 44:—It has been already made clear that the real interests of the Indian textile industry, which, has in Bombay, Ahmedabad, Madras and Cawnpore, begun to turn to the production of finer cloth, are in the direction of a heavier duty on this kind of cloth than hitherto. From the point of view of the consumer, most of the qualities coming from the United Kingdom cater for the wants not of the peasant, nor of the miscellaneous rural population, but of the better class people. In the opinion of

the Committee, the State would be giving up revenue without any corresponding benefit to the general consumer of cloth if they reduced the duty in favour of the United Kingdom. The interest of the Textile Industry in protective duties is very real as on it depends the rate of progress of the Textile Industry in the country. If industry expanded at a very rapid rate, Government would lose the revenue, which they expect from protective tariffs, but the rate of expansion has not been so rapid in the past as to give grounds for apprehension. If and when the production of cloth increases in India, to that extent the revenue from protective tariffs would disappear and Government will more than recoup from the retention in India of many crores of rupees by way of wages, the creation in India of a larger market for the consumption of Indian cotton, whereas, in Lancashire goods, it is the American and Egyptian cotton which is coming in, larger returns in respect of income-tax, railways and in many other ways. Until a definite *quid pro quo* is demonstrated to the satisfaction of the Indian commercial community, the Committee of the Chamber do not see any economic advantage in preferential duties to the United Kingdom. The Textile Industry has been the instrument in the past of raising wages and the standard of life amongst a certain class of people and placing it higher than the perpetually deteriorating agricultural standard of life. The growth of the textile industry would be one of the material factors helping towards the maintenance of a higher scale of wages and a higher standard of life, and if preference to the United Kingdom means that this progress is to be stopped down, and that wages, which should rightfully go to the Indian workman, are to be paid to the workmen of mills in Lancashire, India is at a distinct disadvantage. It must be remembered that it is from the distributed wages of organised industries that a substantial demand for cloth arises, and the inter-action of these forces cannot be ignored either because of the selfish insistence of Lancashire, previously enforced through the hated excise duty, and the imposition of principles of free trade on India politically and now sought to be enforced through the so called voluntary acceptance by India of the economic unity of the

Empire and of preference to Empire goods in return for a distinctly inferior status within the countries constituting the Empire.

Q. No. 45:—In addition to the tariffs, it has been already indicated that some method of automatic and quick adjustment to exchange changes, which nullify tariffs, is required. It has also been indicated that a special 50 per cent. surcharge should be levied on the movement of imported cloth from the ports into the interior, while Indian cloth should move at the standard rate. The subsidies for the production of stores required by the mill Industry have also been mentioned. Greater attention to technology in relation to textile is required than has been given in the past, and the Millowners and Government should between them do more than has been done hitherto to secure superior training for men, who at present train themselves by rule of thumb in the factories.

ANNEXURE.

Extract from the Minority Report of the Indian Central Banking Enquiry Committee, 1931, page 330, paragraph 322-3.

322. The Managing Agency System:—It is impossible not to refer to the managing agency system in connection with the question of the finance of industry. The practice of managing agency varies from industry to industry and from place to place, but it is said that in many places the managing agents have placed substantial funds at the disposal of industrial enterprises in their charge. Realising that parties, who have funds, are anxious to secure sound investments, there should be no room for surprise, that loans are given to enterprises, whose affairs are not only fully known, but controlled by the investor. This result could also be brought about by the practice of banks asking for guarantees, or the managing agents' signature to the promissory notes, whenever they lend to industrial concerns. A better test of the question would be, not the

amounts, which the managing agents have lent to concerns under their control, but the amounts, which the managing agents lost by doing so. No figures were available to us in our enquiry, but information on this head will be most illuminating.

The system of managing agency in industry is a peculiarly Indian phenomenon, having no counterpart anywhere in the world. In its origin, it is probably a continuation of the large trading houses, which engaged indiscriminately in banking, industry and other activities. The frequent changes of domicile of men, who became old, from amongst the pioneers of European enterprise in India, might have strengthened it, but the system is old fashioned and it has outlived its utility. It is disadvantageous to the shareholders, whose interests always come second to those of the managing agents. It has now held the field in industry to an alarming extent. New Industrial capital could be drawn and new concerns could be promoted with ease only through the great established firms of managing agents. Outside of them, they would have an uphill task. This is not a healthy situation, as it does not augur for extensive development of industry. Managing agents have contracts with provision not only for long periods but for their perpetual renewal, and often the managing agents could not be got rid of, except when they resign. Some of the contracts involve payments to the managing agents, whether the company makes a profit or not. Some of them involve payments to them on purchases for the company, and some on both. In some cases, the managing agents get their commission on production, without any reference to the condition of the company. The managing agency system thus absorbs too large a share of the profits and makes industry as a whole less attractive to the investor. It, therefore, tends not to encourage, but to check the flow of capital in industry. Ancillary activities of managing agents, who are known to speculate on the stock exchange in the shares of their own concerns, also lead to the same result. The managing agents take advantage of a rise of prices to boom their shares and unload them at top level, leaving the public to hold the baby. In this they not only play with loaded dice

but they discourage the *bona fide* investor and give to industrial investments, a bad name.

The managing agents' commissions (contracts) have been the subject matter of sale and transfer without any reference to the shareholders and without any idea of the consequences on the industry. When managing agents speculate and lose money, the credit of the concern under them is reduced or destroyed. The shareholders, who have purchased shares on the basis of the personal reputation, efficiency and competence of some partners in the managing agents' firm, may find themselves, without any notice, faced with the control of new parties, who may be young, or incompetent, or completely unfit to carry on the work. However, the system of the transfer of control of industry by heredity or by sale to parties not approved of by the company, is one, which must be put and end to by law, and it is recommended that when the revision of the Companies Act is undertaken by the Government of India, the introduction of reforms in this direction should receive their attention.

323. The weaker and less desirable side of the managing agency system portrayed in the above paragraphs, need not be assumed to be of universal application, but it cannot be denied that it is inherent in the system. Wherever they exist, they are responsible for the weakness of industry, which no financial measures can overcome. It is the business of law to countermand everything, which will deter the flow of capital into industry. A provision, which demands the contract for management being limited to a certain number of years and being good during that period, only if a specified individual is able to offer his personal services, will not work hardship on most industrial concerns, that are managed by capable partners of managing agency firms. But a provision of this kind will eliminate, wherever it exists, the additional risk to industry arising from the death or financial weakness of the active manager. Under these contingencies, concerns in India, otherwise on a sound basis, have been known to have passed into incompetent hands with fatal results, without the shareholders of the Company having any legal power to intervene for their own safety.

The managing agency interest often represents promoters' charges, which ought not to be a drag on the enterprise for ever. Sometimes it represents a capitalised goodwill, which a new party purchases in the belief, that it gives him a full right and title to squeeze the concern to his advantage within the law. Under a managing agency system it is inevitable, that the concern should pass on into weak hands with the passage of time. Over a large series of years, it involves Indian industry into jeopardy, to which rival industries in other countries are not subject.

APPENDIX 18.

Fiscal Commission's Conditions for protection and their application to existing Companies.

Telegram dated 22nd February 1932 from Chamber to the Government of India, Commerce Department.

Committee Indian Merchants' Chamber strongly protest against the implication contained in paragraph 7 of Government Resolution regarding Bamboo Pulp Industry. Committee maintain that conditions laid down by Fiscal Commission in paragraphs 97 and 292 must apply in all cases and all applications for protection and/or State assistance are examined by Tariff Board on those tests. The Report of the Fiscal Commission was published in 1922. Subsequent to the Government experiment completed in 1925, several Companies started operation in addition to the only one that then existed. Such companies were cognisant of the conditions laid down by Fiscal Commission on which alone protection and/or State assistance would be available and therefore should not be exempted from satisfying Fiscal Commission's conditions. The exception made under Section 5 of Act IV of 1924 was for the particular industry. Committee protest against new interpretation, now given by Government that a company already engaged in the industry when the grant of assistance is under consideration need not conform to the principles in paragraph 292 of Fiscal Commission Report in receiving benefit of protection or bounties. In case of

Bamboo Pulp Industry Tariff Board themselves have insisted on the industry complying with those principles and no exemption therefore should be made. The whole object of State assistance, whether by Tariffs or bounties, is to encourage Indian enterprise with Indian capital, Indian labour and Indian material so as to retain profits in the country for further industrial development and also prevent flight of capital.

Letter No. 1990, dated 23rd November 1932 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber addressed a telegram to your Department, on the 24th February, 1932, protesting against the implication contained in para 7 of Government Resolution No. 202-T (28), dated 3rd February, 1932, regarding bamboo pulp industry.

My Committee are addressing this further communication to you, as they feel that that particular Resolution, unless amended, will have adverse repercussions on the development of industries generally. The Hon'ble Sir George Rainy, the then Member for Commerce, observed in his remarks re: protection to be given to bamboo pulp industry that the conditions, *viz.*, the conditions stipulated in para 292 of the Report of the Fiscal Commission, which were laid down for certain industries to receive protection, would not apply to old concerns. Protection to the paper industry was given in 1924, and before that year there was only one paper mill of any significance and importance, as admitted by the Tariff Board, in existence. The rest came into existence after that, and several companies which existed before 1924 were more or less moribund and were restarted after, and on account of, the grant of protection, and such industries before asking for protection knew full well the conditions under which the Fiscal Commission recommended grant of protection.

The same would be the case if a proper examination were made with regard to several other industries also. What would happen is that concerns, existing before the particular date, on which protection is announced for the particular industry with which they are concerned, would be exempt from conditions laid down by the

Fiscal Commission regarding the percentage of Indians on the Board of Directors, the percentage of Indian capital, training of Indian apprentices, etc. Sir Atul (then Mr.) Chatterjee, speaking on behalf of the Government of India, on the debate in the Legislative Assembly on 2nd March, 1922, on the resolution moved by Sir Vithaldas Thakersey, recommending that measures should be taken to provide that as large an amount as possible of the Rs. 150 crores, set aside for the rehabilitation of railways during the next five years should be spend in India, stated: "The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian Directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration".

According to the Resolution dated 3rd February, 1932, and according to the remarks of the Hon'ble Sir George Rainy, new concerns only would be made liable to all these conditions. There would, thus, be a discrimination against new concerns, and the old existing concerns would not be called upon to discharge their proper responsibilities, even though they would be getting all the advantages of protection from the very day of its grant. The object and the spirit, therefore, of the acceptance by Government of the conditions, which should be fulfilled before any protection could be granted, would thus be negatived and frustrated. If a particular policy has to be laid down and followed, surely it should be followed by all concerns, irrespective of their being old or new. All these conditions are meant for the development of Indian industries and for the prosperity of the country in general; and the new interpretation, laid down by the Resolution above referred to, and by the speech of the Hon'ble Sir George Rainy, would cut at the very root of the policy, generally endorsed by the Indian commercial community of laying down conditions for protection. In every country, when protection is given by the State, it expects naturally the industries

to conform to certain rules and regulations, as also the conditions laid down. The conditions necessary for this country would appear to be just those to which reference has been made, as otherwise benefits of protection would go not to Indian concerns, but to foreign concerns.

Under all these circumstances, my Committee request the Government of India to be pleased to make it clear that in the case of those industries to which protection is given, concerns, both old and new, would have to fulfil satisfactorily and in a genuine and *bona fide* manner all the conditions which have been laid down.

APPENDIX 19.

Sugar Industry Protection Bill.

Telegram No. 170, dated 10th February 1932 from Chamber to the Government of India, Commerce Department.

"Committee Indian Merchants' Chamber disapprove of the action of Government in not incorporating all the recommendations of the Tariff Board in the Sugar Industry Protection Bill and urge that Bill be so amended as to give full effect to all the recommendations of the Board."

APPENDIX 20.

Depreciation of the Yen.

Government of India, Commerce Department Resolution No. 341—T (161), dated 25th July 1932.

The Government of India have received an application from the Indian Cotton Textile Industry requesting that the Governor-General-in-Council, in exercise of his powers under Section 3 (5) of the Indian Tariff Act, 1894, should increase the duty leviable on cotton piece-goods not of British manufacture under item 158 in Part VII of the Import Tariff on the ground that such articles are being imported into British India at a price likely to render

ineffective the protection intended to be afforded by such duty to similar articles manufactured in India.

2. The Government of India have decided that an immediate enquiry should be made by the Tariff Board with the following terms of reference :—

To report whether cotton piece-goods not of British manufacture are being imported into British India at such a price as is likely to render ineffective the protection intended to be afforded by the duty imposed on such articles under Part VII of the Second Schedule of the Indian Tariff Act, 1894, by the Cotton Textile Industry (Protection) Act, 1930, to similar articles manufactured in India; and, if so, to consider.

(*a*) to what extent, if any, the duty on cotton piece goods not of British manufacture should be increased and whether in respect of all cotton piece-goods not of British manufacture or in respect of cotton piece-goods, plain grey only or of cotton piece-goods, others, only;

(*b*) whether the duty should be increased generally, or in respect of such articles when imported from or manufactured in any country or countries specified; and

(*c*) for what period any additional protection found to be required should be given,

and to make recommendations.

3. Firms or persons interested who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary to the Board, Old Custom House, Bombay.

4. The Government of India hope that it will be possible for the Tariff Board to submit its report at a very early date.

Letter No. 1043, dated 28th July 1932 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have seen the Press Communique issued by the Government of India, announcing that the Tariff

Board are asked to conduct an urgent enquiry with regard to the recent fall in the price of goods imported from Japan occasioned by the depreciation of the Yen in terms of the Rupee. When the Committee of this Chamber addressed a telegram to the Government of India on the 29th June, 1932, (telegram text in Summary Report p. 15) they urged the necessity for immediate interim action in the nature of special heavy tariffs to counter the position created by the depreciation of the Yen. So far as my Committee have been able to see, all the commercial bodies had stressed the importance of taking urgent action, as delay meant the dumping of more and more of Japanese goods on the market.

Section 3, Sub-section V of the Indian Tariff Act, 1894, gives power to the Government of India to take immediate action, but, unfortunately, Government, instead of doing this, have referred this matter to the Tariff Board for an immediate report. Government could have taken action themselves, as soon as they had received communications from practically all the commercial bodies, after discussing the question with the deputation which waited on them, It would have saved the delay which has been occasioned by their waiting so long and also by the reference to the Tariff Board.

The reference to the Tariff Board specifies the terms of reference, which are among others—

> "the report whether cotton piecegoods not of British manufacture are being imported into British India at such a price as is likely to render ineffective the protection intended to be afforded by the duty imposed on such articles under Part VII of the Second Schedule of the Indian Tariff Act, 1894, by the Cotton Textile Industry (Protection) Act, 1930, to similar articles manufactured in India and if so to consider :—
>
> (*a*) the extent, if any, the duty on cotton piecegoods not of British manufacture should be increased and whether in respect of all cotton piece goods not of British manufacture or in respect of plain grey only or others only ;

My Committee see no reason why these instructions should have reference to goods coming from all countries, excepting Great Britain when the only country against whom complaints have been made at present is Japan. It is the currency of Japan which has depreciated in terms of the Rupee and it is the goods imported from Japan which are dumped more and more here as a result of the depreciation and which come into very strong competition with the articles manufactured in this country. It was to get protection as against all these goods coming from Japan that so many commercial bodies addressed the Government of India. These terms of reference lend colour to the view that it may be intended to introduce a form of Imperial Preference. My Committee have, as the Government are aware, in common with other Indian commercial bodies, opposed Imperial Preference, in any shape or form whatsoever; and it is because of this that they request Government to be pleased to make it clear that the reference of this enquiry to the Tariff Board is concerned only with the competition of Japanese goods with indigenous goods as a result of the depreciation of the Yen.

Telegram dated 16th August 1932 from Chamber to the Government of India, Commerce Department.

Committee Indian Merchants Chamber deeply regret that Government have inordinately delayed taking any decision on the question of protection to the Cotton textile industry against the dumping of Japanese goods as a result of the ever declining yen stop since last Telegram was sent the yen exchange has gone down still further and it is apprehended that it may go down still more stop Committee fear unless Government announce their immediate decision proposed additional protection may be negatived in advance by further depreciation of the yen stop Committee therefore urge immediate and urgent action to meet the eventuality making automatic provision in the protection granted for further emergency.

APPENDIX 21.

Anti-Dumping Legislation.

Letter No. 1990, dated 23rd November 1932 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber addressed a telegram on the 16th August 1932 to the Government of India emphasising the necessity for taking immediate and drastic action to protect the Indian cotton textile industry which was threatened by competition from Japan helped by the very low level to which the Yen exchange had gone down. An enquiry was held by the Tariff Board and ultimately the Government of India took action only after about a month upon their report increasing the duty on cotton goods coming from not only Japan but all countries other than Great Britain.

My Committee pointed out when the terms of reference to the Tariff Board were published that they saw no reason why the instructions to the Board should have reference to cotton goods coming from all countries excepting Great Britain, when the only country against whom complaints had been made was Japan. Several other industries were also complaining with regard to the intensified competition from Japan consequent upon the low exchange of the Yen. Since the publication of the Government decision, these industries have felt that they have been let down as the decision protected only the cotton textiles. Among the industries which have been affected adversely are cement, boots and shoes, paper, paints, etc.

Upto recently economists and businessmen considered it as dumping when goods exported to a country were sold in the country of destination at a cheaper rate than in the country of origin. This connotation, however, which, it may be mentioned, was not recognised

as scientific, had been virtually changed recently on account of a variety of devices under which dumping was practised. The *laisses fairs* policy has now been practically abandoned all over the world and the State has stepped in to control Economic Organisations and processes to effectively safeguard and promote the interests of their indigenous industries. The State resorts now to various forms of bounties and subsidied to help industries and there are also indirect forms of such State help found in exchange control, restrictions and prohibition of imports, specially reduced freight-rates, manipulation of exchange, banking facilities, etc. The Tariff Board, in para 8 of their Report, regarding the grant of additional protection to the Cotton textile industry, write that "the word dumping is used popularly in a variety of senses"; and that "it is implied here simply as denoting sale at exceptionally low prices as judged by the currency of the importing country". They go further and say that "it is not necessary to show that goods are being imported at prices lower than the costs of production or the current internal prices in the exporting country, but only that the current prices of imported goods are lower than those on which the scheme of protection was based."

Under these circumstances, it is essential that anti-dumping legislation should be enacted in this country as it has been in a large number of countries already. The Bombay Millowners' Association, in their representation to Government in this connection, have specified a number of countries in which some sort of legislation of this character, with powers to the Executive for effective and immediate action, has been placed on the Statute Book, and even the British Government, with their vast resources and powerful industries, have been put to the necessity of passing the Abnormal Importation Act last year. The Government of New Foundland have recently made provision that "in computing the value for duty of goods imported into

New Foundland, the currency of the exporting country shall be converted into New Foundland funds at such rate of exchanges as shall have been ordered and proclaimed from time to time by the Governor-in-Council. The Governor is empowered to make such orders and to vary them from time to time as often as he may think fit.

When requests were made to Government to take action against cotton goods coming from Japan, the contention put forward by them was that such action was not possible, because of the most-favoured-nation clause in the Indo-Japanese Commercial Convention. It was becuase of this, at least so it was said by Government, that the increase in duty was effected not only against goods coming from Japan but those coming from all countries other than Great Britain. If it is contended that even anti-dumping legislation is not possible, it may be pointed out that the late Mr. Joseph Chamberlain laid down as early as 1899 that such powers were available to the Government of India. Jurists and writers like Jacob Viner of the University of Chicago have enunciated that in spite of the existence of the most-favoured-nation treaties, anti-dumping measures could be adopted by the State whose industries suffer. The Government have themselves, in the case of the steel tariff, introduced discrimination in the system of tariff obtaining in the country.

With regard to the recent measure taken to safeguard the Cotton textile industry, the position of Government is that they could do it by Executive orders under Sub-section (5) of Section 3 of the Indian Tariff Act (Act VIII) of 1894. What my Committee want, in common with commercial associations in other parts of the country, is that Government should arm themselves, if they believe they have not such powers, with sufficient powers under a comprehensive anti-dumping legislation to enable them to take all necessary steps to immediately prevent the importation into the country of articles from foreign countries, which may have been directly or indirectly helped by State action or of a Trust for the purpose in the manufacture and

export of these articles, and to enable them unequally to compete with articles made in this country. My Committee are of opinion that this can be done by investing the Collectors of Customs with the power to increase the duty on foreign articles automatically whenever they are coming in at rates and prices which would enable them to be sold here at lower rates than the articles made in India, through a favourable exchange or any other devices. The position of all the industries, which are at present affected by the Japanese competition is very bad and would be, perhaps, growing worse if steps like anti-dumping legislation are not taken immediately to safeguard them against such competition. Every country must be at liberty to develop its industries on its own lines and if the most-favoured-nation clause in the Indo-Japanese Commercial Convention makes it impossible for Government to adopt any anti-dumping measures against Japan, it is advisable that the Convention had better be denounced. If a treaty is detrimental and abnoxious to India's interests, it should no longer hold good. It is not only with regard to this Indo-Japanese Commercial Convention, but with regard to any treaty which may be in existence now between India and other countries that my Committee feel that, the moment any clauses in any treaties came into conflict with the interests of this country, such treaties should no longer be held good, and should be denounced. Japan herself imposed a prohibitive duty on Indian pig iron, the bulk of which was then being exported to that country, and she also did not hesitate to wriggle out of the Convention, when she prohibited the import of Indian rice two years before, though the import of Siamese rice was allowed at the time. If the favoured-nation convention cannot come in the way of Japan when it suits her motive to do so, my Committee fail to understand how it can impede the Government of India to take similar steps even when they feel, as they must do, the inequality of Japanese competition underselling Indian goods even in domestic market.

My Committee beg to point out, in conclusion, that the depreciation of the Yen exchange was not a temporary phenomenon, as will be seen from the import figures for the third quarter of the current year. They show how the Japanese imports have been increasing under the advantage given to them by the depreciated Yen. The Indian market is receiving in larger quantities Japanese cement, soaps, paper, shoes, cycles, etc. Under these circumstances, my Committee think that anti-dumping legislation is necessary for immediate and effective Executive action, and if it is not possible to have such legislation, because of the Indo-Japanese Commercial Convention, this Convention should be put an end to.

APPENDIX 22.

Protection to Wire and Wire Nails Industry.

Letter No. 1339, dated 31st August 1932 from Chamber to the Government of India, Commerce Department.

The attention of my Committee has been drawn to the situation created in the wire and wire nails industry by the heavy imports of these materials from Japan, as a result of the depreciation of the Yen and the consequent decline in Rupee prices.

My Committee have also seen the representation addressed to Government in this connection by the Indian Steel and wire Products. The wire and wire nails industry is an industry enjoying the benefit of a protective tariff, and the desire to get the industry firmly established in the country by such protection will be negatived, if adequate steps are not taken to protect the same from the effects of this unnatural competition from Japan.

From the figures made available to my Committee the prices at which these materials are sold in the markets have gone much below the economic prices for the same arrived

at by the Tariff Board, and it is time that Government should review the situation and examine the position of the Industry in the light of the fall of the Japanese exchange, and afford such relief to the industry by way of additional emergency tariff, or by subsidy, as would meet the needs of the industry to stand on its own.

APPENDIX 22.

Imperial Economic Conference—1932.

Letter No. 75?—T (4), dated 6th April 1932 from the Government of India, Commerce Department to Chamber.

Your Chamber has doubtless taken note of the recent announcement in the Legislative Assembly relating to India's participation in the Imperial Economic Conference to be held at Ottawa next July and I am now to enclose, for information and reference, a copy of the relevant Question and Answer in the Assembly on the 4th April 1932.

2. Your Chamber will observe from the statement made by the Hon'ble Sir George Rainy that the Government of India have accepted the invitation extended to them to take part in the discussion at Ottawa of the question whether, having regard to the new tariff policy of His Majesty's Government in the United Kingdom, Great Britain and India should enter into a tariff agreement embodying a reciprocal preferential regime so designed as to benefit the trade of both countries, and that the members of the delegation which will *represent* India have already been appointed.

3. In inviting your Chamber to represent its views in the matter, I am, in the first place, to explain the circumstances in which the Government of India have decided to take part in negotiations which may result in recommendations that a preferential tariff agreement should be concluded between Great Britain and India. As your Chamber is doubtless aware,

the Government of India's policy has hitherto been based on a single-decker tariff consisting mainly of purely revenue duties but containing certain duties imposed in pursuance of the policy of discriminating protection for Indian industries. In the case of two classes of imports, namely, articles manufactured from steel and cotton piece-goods, differential rates of duty are at present in force upon goods of British and those not of British manufacture. These differential rates of duty were, as was explained when the relevant legislation was under consideration, incorporated in the tariff in the interests of the consumer in India. All commercial treaties and trade agreements into which India has entered with foreign countries are, in the matter of tariffs, confined to the reciprocal grant of most-favoured-nation treatment, that is to say, India undertakes in them to grant to the other party treatment in respect of imports and exports not less favourable than that given to any other foreign country. No treaty or trade agreement has hitherto been entered into on a bargaining basis, by which is meant the grant of a preferential rate of import duty in India in return for the grant of reciprocal benefits by the other party to the agreement. Now the Import Duties Act, 1932, recently passed by the British Parliament, has imposed with effect from the 1st March 1932 a general duty of 10 per cent. *ad valorem* on all goods imported into the United Kingdom with certain exceptions, a list of which is given in an enclosure to this letter, and has empowered the Government to impose additional duties on the recommendation of an Advisory Committee. Under the provisions of the Act goods produced or manufactured in the Dominions and India will until the 15th November 1932 be free of the general duty of 10 per cent. and also of any additional duty which may be imposed. Dominion and Indian products have thus been given free entry into the United Kingdom for a period of eight and a half months, and the object of this provision is to give an opportunity to each country in the Empire, if it so wishes, to enter into a trade agreement with the United Kingdom. If no such agreement is

made with India, His Majesty's Government in the United Kingdom will be free after the date mentioned above to impose on all imports from India any duty authorised by the Act.

4. In these circumstances, the Government of India considered that it was clearly in the interests of the country that the offer made by His Majesty's Government in the United Kingdom should be accepted in order that the possibilities of a special trade agreement might be discussed by representatives of the two Governments in connection with the forthcoming Imperial Economic Conference at Ottawa. At the same time, they have made it clear that, if the conclusion of a trade agreement between Great Britain and India is recommended involving any changes in the Indian customs tariff, any such changes proposed will be placed before the Indian Legislature for its approval, and that the Government of India have no wish to put any such changes into effect unless the Legislature is satisfied that they are in the interests of India. Further, in the exceptional circumstances, and in view, particularly of the shortness of time remaining before the Conference, the Government of India have decided to address your Chamber direct and to ask for any proposals or suggestions which it may wish to make regarding matters which might in its opinion be brought specially to the attention of the Indian Delegation. I am to request, however, that a copy of any reply which your Chamber desires to make to this letter may be furnished to the Government of Bombay, etc., when the original is sent to this Department and that, as time is pressing, steps may kindly be taken to ensure that the reply is despatched so as to reach this Department not later than the 1st May 1932.

Legislative Assembly.

Dated, 4th April 1932.

Question by Mr. C. S. Ranga Iyer.—With reference to the recent announcement by the Secretary of State for India that

the Government of India would take part in the Imperial Economic Conference at Ottawa next July, will the Government be pleased to make a statement explaining what action they propose to take in the matter ?

Answer by the Hon'ble Sir George Rainy :—

The Government of India have agreed to send a delegation to the Imperial Economic Conference which will meet at Ottawa in July next. They have been informed that the principal item on the agenda of the Conference will be the discussion of a policy of *trade agreements* between different countries of the Empire and they have been invited in particular to consider the question whether, having regard to the new tariff policy of His Majesty's Government in the United Kingdom, Great Britain and India should enter into a tariff agreement embodying a reciprocal preferential regime so designed as to benefit the trade of both countries. The Government of India have accepted this invitation and His Excellency the Viceroy has, with the approval of the Secretary of State for India, appointed the following gentlemen to represent India at the Conference :—

Leader.—Sir Atul Chatterjee.

Members.—Mr. R. K. Shanmukham Chetty,
Sir Padamji Ginwala,
Seth Haji Abdoola Haroon,
Sahibzada Abdus Samad Khan and
Sir George Rainy.

If the conclusion of a trade agreement is recommended as a result of the Conference, any changes in the tariff which it may involve will be duly placed before the Legislature for its approval. The Government of India have no wish to put any such changes into effect unless the Legislature is satisfied that they are in the interests of India.

Extract from the United Kingdom Import Duties Act, 1932.

FIRST SCHEDULE.

Goods exempted from the General *ad valorem* Duty.

Gold and silver bullion and coin; platinum in grain, ingot, bar, or powder.

Wheat in grain.

Maize in grain.

Meat, that is to say, beaf, veal, mutton, lamb, pork, bacon, ham and edible offals, but not including extracts and essences of meat or meat preserved in any airtight container.

Live quadruped animals.

Fish of British taking, including shell-fish.

Whale oil and whale products shown to the satisfaction of the Commissioners to have been produced or manufactured in floating factories which are British concerns.

Tea.

Cotton (raw) (including unmanufactured cotton waste and unbleached cotton linters.)

Flax and true hemp (cannabis sativa), not further dressed after scutching or decorticating; tow of flax and true hemp (cannabis sativa).

Cotton seed, rape seed and linseed.

Wool and animal hair (raw), whether cleaned, scoured or carbonised or not; rags of wool not pulled; wool noils; and wool waste not pulled or garnetted.

Hides and skins (including fur skins, but not including goat skins), raw, dried, salted or pickled but not further treated.

Newspapers, periodicals, printed books and printed music.

Newsprint, that is to say, paper in rolls containing not less than 70 per cent. of mechanical wood pulp and of a weight of not less than 20 lbs. or more than 25 lbs. to the ream of 480 sheets of double crown, measuring 30 inches by 20 inches.

Wood pulp and esparto.

Rubber (raw) including crepe; rubber latex; gutta-percha (raw).

Metalic ores, concentrates and residues; scrap metals and wastes fit only for the recovery of metal.

Iron pyrites, including cupreous pyrites.

Copper unrought, whether refined or not, in ingots, bars, blocks, slabs, cakes, and rods.

Wooden pit-props.

Sulphur.

Mineral phosphates of lime.

Potassium carbonate, chloride and sulphate; kainite and other mineral potassium fertiliser salts.

Cinchona bark.

Coal, coke, and manufactured fuel of which coal or coke is the chief constituent.

Unset precious and semi-precious stones and pearls.

Radium compounds and ores.

Scientific films, that is to say, cinematograph films exempted under the provisions of Section eight of the Finance Act, 1928, from the customs duty imposed by Section three of the Finance Act, 1925.

Flint, unground.

Soya beans.

Cork, raw and granulated, cork shavings and waste.

Ramie, not dressed.

Letter No. 560, dated 30th April 1932 from Chamber to the Government of India.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 752-T (4), dated 6th April 1932. The Committee have considered the announcement in the Legislative Assembly relating to India's participation in the Imperial Economic Conference and the various statements in the press from different quarters indicating the scope or the possible results of the said Conference.

Without involving any reflection on the individuals, who constitute the personnel of the Indian delegation to this Conference, the Committee desire to state that the personnel in the case of India would be materially different from that of every Dominion represented at this Conference. In the case of Dominions also, it is the respective Governments in power, who nominate the delegates but these Governments are responsible to, and represent, the majority party in the Dominion legislatures. In the case of India, a complaint on this score has been raised by this Chamber in the past and must continue to be raised until the promised constitutional reforms establish real responsibility. Government had the opportunity of consulting the Legislature and also of inviting the views, of central commercial associations like this Chamber, on the personnel, and it is regretted that this was not done. A delegation, which thus consists merely of nominees of the Indian Government, that has been in the past described as a subordinate branch of His Majesty's Government, may be useful in the collection and dissemination of relevant information but must necessarily lack the authority to bind this country even for the immediate future. Nor could it claim to speak in the name of India, or to have Indian public opinion definitely behind it. The Committee have noticed that, in the United Kingdom Government have agreed that the official delegation should be accompanied by industrialists and leaders of busines

as well as representatives of trade unions and other interests likely to be affected. They regret that the Government of India have not made even this attempt to make India's participation real in the Conference by associating with the delegation representative Indians, whose experience and advice would be at the disposal of the delegates. Such association would, without doubt, have been one method of curtailing the stage of any possible negotiations, which may emanate from this Conference, as the Committee feel that it is very material for all interests, which are likely to be affected by any proposal or recommendation of this Conference, to be fully and properly consulted before any such recommendation is accepted even in principle. The Committee do not know whether Government consider it too late to remedy this omission.

With regard to the main issue, *viz.*, "a policy of trade agreements between different countries of the Empire," my Committee would like to express clearly that they have always been opposed to a policy of Imperial Preference. Their opposition to this in the past has been based not merely on sound economic grounds, which were at one time endorsed even by the Government of India in their communique on this subject (Reference : Lord Curzon's communique of 1903), but also on the political ground that India is not an equal member of the Empire on a par with the Dominions. Indians have been denied elementary human rights enjoyed by white citizens in various parts of the Empire, and conditions have not been such as to endear to the Indian mind, the notion of Empire citizenship. My Committee, therefore, think that the proper atmosphere for the adoption of a general policy of trade agreements involving any preference between India and the members of the Empire will not arise till after the establishment of the reformed constitution involing responsibility of Government in India, in these matters to the Legislature. Since the date when such a constitution is to be established, is according to more than authoritative pronouncements, to be not very far, the

Committee would suggest that India's acceptance of a general policy of Imperial Preference or of any broad principle envisaging trade agreements between the various parts of the Empire should be deferred till after India has, in the matter of its constitution, attained the status of a Full Dominion.

As a general principle, the Committee feel that India's experience in the past with regard to agreements, based on political grounds, has not been satisfactory, and any agreements, which are to be based on such grounds may be therefore well deferred till the Government and delegation from India can speak more truly in the name of the people than they can at present. They further feel that nothing should be done, which would preclude the freedom of India either in the near future, or thereafter, to undertake negotiations and to effect advantageous trade agreements with important customers and important buyers of India's produce and products, who may not be members of the Empire. In other words, they are emphatic that political considerations should be altogether eschewed from the deliberations at Ottawa, as indeed it is very doubtful, if these considerations are prominently advanced, whether Indian public opinion will be reconciled to arrangements, not because they are advantageous to India, but because India is included and for such purposes reckoned as part of the Empire.

On an examination of the problem, my Committee further feel that, even if agreements offering equal reciprocal benefits are to be negotiated, it is extremely improbable that there wou'd be the double coincidence when 'trade between two countries (even if they happen to be in the Empire) offers equal benefits to both. Existing trade, which is the outcome of many years' arrangements without the sort of preference which may now be proposed, would take considerable time to readjust to the new conditions, and it is not feasible to calculate in advance the full effects and to forecast the full mutual benefits, which may

arise. The Committee do not see the possibility of any agreements being arrived at, which will embrace the whole, or even the bulk, of the exports from India to another country say he United Kingdom, and the whole of the imports from the United Kingdom to India. The Committee would, therefore, request the personnel to keep clear of any such generality as on closer examination, it is more likely than not found to be unworkable and unacceptable.

By elimination, the scope for any really useful and mutually satisfactory arrangement is limited to concrete propositions with regard to certain items of India's exports to U. K. and certain items of India's imports from the U. K. In the absence of all detailed information and of the expression of any definite proposals from the Government of the United Kingdom, the Committee would advise the delegates to listen to the discussions, to assure the various countries of India's goodwill, and of India's desire to consider fully any arrangements that are advanced on strictly business grounds, and that are demonstrably in the interests of India. Such consideration would, however, involve a full preliminary consultation with all the interests, agricultural and others, which are concerned. India is backward in industry and, therefore, values such industry as has been established, and any proposals involving a serious setback to such industries would naturally not appeal to Indian public opinion. Considerations of revenue arising out of existing tariffs and affecting Government finance would also find a place in the examination of whatever proposals emanate. Nor can any representative Indian omit for one moment the reaction on India's important customers outside the Empire and the possibility of retaliation from that quarter. Taking it on the whole, while the Conference at Ottawa may offer a suitable opportunity for a mutual gesture of goodwill, and while some of the Dominions may have concrete proposals, on which public opinion in their country has been definitely ascertained, in the case of India, the Conference can only lead

to a stimulation of thought in these directions. Even if concrete proposals are put forward with regard to the United Kingdom, and this country in respect of specific items of India's exports and India's imports as far as one can judge at the present moment, it is not improbable that most of such proposals advanced in the initial enthusiasm for Imperial Preference may be found not feasible on closer examination. The Committee would, therefore, urge on the members of the delegation the need for extreme caution and, above all, for not committing either the Government of India, whom they represent, or the Government of India responsible to the people, which may come to be established hereafter, to any principle or policy, however general it may be, until such principle or policy has received attention and examination in this country.

I am directed further by my Committee to say that the delegation represents the Government of India and not India, as mentioned in paragraph 2. It is because of this, that the assurance of Government that "the Government of India have no wish to put any such changes into effect, unless the Legislature is satisfied that they are in the interests of India, becomes very significant. The Committee, however, trust that Government recognise that the solid block of official and nominated members imposes on the elected members of the Legislature a serious handicap. It is tantamount to a demand not for a bare majority, but for an excessive and arbitrary majority. It has led in the past, when Government were able to take even a meagre few of the elected members with them, to the declaration that the Indian Legislature has endorsed certain policy of Government, whereas, in effect, the elected representatives, who alone would represent the country, were by absolute majority opposed to such policy. The Committee fee that delicate issues affecting fiscal relations between England and India, which are likely to be involved in any

recommendations emanating from Ottawa, should not be prejudiced, and that an atmosphere of suspicion in regard to the clear opinion of Indian representatives in the Legislature should not be aroused. They, therefore, trust that in ascertaining the views of the Legislature on this question, Government will direct the official block and their nominees not to vote. In respect of these all-important questions, this is the least that may be expected of Government even under the present constitution.

APPENDIX 23.

Ottawa Trade Agreement.

Government of India, Commerce Department, Press Communique dated 20th August 1932.

A Trade Agreement has been reached between His Majesty's Government in the United Kingdom and the Government of India and will be placed before the Indian Legislature for approval. The Government of India will invite the Legislature to pass necessary legislation to give effect to the Agreement if approved. In concluding this Agreement the Indian Delegation have throughout kept before them two main principles *viz.*, the extension and development of the export trade of India and the reservation unimpaired of the protection enjoyed by certain Indian industries.

The following are the main features of the Agreement.

Apart from a few revenue duties the policy of the United Kingdom in the past has been one of free trade but by the Import Duties Act of 1932 a general duty of 10 per cent *ad valorem* was imposed on all imports with the exception of certain essential foodstuffs and raw materials. The operation of this duty was suspended as regards Indian and Dominion products pending the result of the Ottawa Conference. As a part of the Agreement reached at Ottawa the United

Kingdom will continue to give free entry to all Indian goods within the scope of the general ten per cent duty. These goods will thus receive a preference of ten per cent over all competing foreign goods to which this general duty applies. In addition, the duties on certain foreign goods have been or will be raised to higher levels and preferences enjoyed by Indian goods correspondingly enhanced. The principal commodities affected are:—

Indian Cotton manufactures, Coir manufactures, Indian Carpets and Rugs, Jute manufactures, Tanned Hides and Tanned Skins, Non-essential Vegetable Oils, Sandalwood Oil, Oil-seed Cake and Meal, Rice, Ground-nuts, Coffee, Tobacco, Tea, Spices, Castor Seed, Bran, Pollards, Rice Meal and Dust, Teak and other Hard-woods, Pig-lead, Magnesite, Indian Granite and Magnesium Chloride.

Further discussions will take place in London regarding the terms on which Indian Pig-iron and Semi-finished Steel may be admitted free of duty into the United Kingdom. Contingent on the arrangement come to with other parts of the British Commonwealth of Nations existing preference will also be retained on—

Barley, Peas, Beans, other Pulses and Millets, Manures, Goat Skins and Asbestos.

Foreign supplies of one commodity which has hitherto been duty free in the United Kingdom *viz.*, Linseed will in future be subject to a ten per cent duty and Indian Linseed will enjoy a corresponding preference. This change has been made because of the importance of Linseed to Indian agriculture.

There are a number of items of India's export trade with the United Kingdom such as Shellac, Raw Jute, Myrabolams Broken Rice, Mica and Indian Hemp where any important competition from outside the Empire takes the form of indirect

competition from substitutes; in regard to these free entry into the United Kingdom will be continued.

The Indian Delegation has discussed with His Majesty's Government in the United Kingdom and representatives of the United Kingdom cotton trade means by which the greater use of Indian cotton in the United Kingdom might be stimulated and these discussions are still proceeding. It is common ground between the representatives of the United Kingdom cotton trade and the Indian cotton growers that improvement which has taken place in Indian cotton grown during recent years has made it practicable for Lancashire spinners to use substantially larger quantities of Indian cotton than hitherto and that such a development would be of mutual benefit. There is already a definite trend towards a larger proportion of Lancashire's cotton requirements being drawn from India. His Majesty's Government in the United Kingdom have intimated that they would co-operate in any practical scheme agreed between the United Kingdom cotton industries and the Indian growers for promoting the greater use of Indian cotton in Lancashire whether by research propaganda or improved marketing.

On the import side India will give 7-1/2 per cent tariff preference on certain classes of motor vehicles. On other articles covered by the Agreement the rate of preference will be 10 per cent. These preferences may be given either by increase of duties on foreign goods or by reduction of duties on United Kingdom goods or by a combination of both methods. The 10 per cent preference extends to the following classes of manufactured goods :—

Building and Engineering Materials, Chemicals, Drugs and Medicines, Earthenware and Porcelain, Furniture and Cabinetware, Hardware, Instruments, Apparatus and Appliances, (Electrical, Musical, Photographic, Scientific, Surgical, Wireless, and Miscellaneous), Leather Manufactures.

The following metals :—

Aluminium, Copper, Lead, German Silver, Zinc, Brass and similar Alloys and manufactures thereof; Paint and Painters' materials, Paper and Stationery, Rubber Tyres, and other manufactures of Rubber, Vehicles not mechanically propelled and Cycles.

In these classes of goods the preference is subject to certain specified exceptions which will be announced the later and also to the general reservation that it does not extend—

(*a*) To commodities to which protective duties are applicable;

(*b*) To those which are free of duty at present; or

(*c*) To those on which on grounds of national policy a specially low rate of duty has been imposed.

The 10 per cent preference is also applicable to the following miscellaneous manufactures; to certain articles of food and drink and to certain oils enumerated below :—

Miscellaneous Manufactures.

Asbestos Manufactures, Boots and Shoes of Leather, Brushes, Metal Buttons,' Cordage and Rope with certain exceptions, Cork manufactures, Cutlery, Glue, Leather Cloth and Artificial Leather, Smokers' Requisites, Toilet Soap, Toilet Requisites, Toys and Requisites for Games, Umbrellas and Umbrella Fittings, (Filled Cartridges and Cartridge Cases, Oil Cloth and Floor Cloth, Engine and Boiler Packing, Perfumed Spirit.)

Articles of Food and Drink.

Ale and Beer, Cocoa and Chocolate, Confectionery, Tinned or Canned Fish, Canned or Bottled Fruit, Canned or Bottled Provisions (with certain exceptions), Condensed and Preserved Milk.

Oils.

Fish Oil, Synthetic Essential Oil, Natural Essential Oil (with specified exceptions). Mineral Lubricating Oils other than Batching Oils, Paint solutions and compositions containing oil and classed as dangerous and vegetable non-essential oils (with specified exceptions.)

In the class Iron and Steel Goods the 10 per cent preference extends only to those commodities which are not subject to protective duties and in the class of Machinery only to those articles which pay the ordinary revenue rate (25 per cent *ad valorem*) and not to those which in the interests of agriculture and industries are free of duty or are subject only to the temporary duty of 10 per cent. In the class of textiles, it extends only to articles of Apparel, Haberdashery and Millinery which are dutiable at 25 per cent *ad valorem* and to woollen manufactures with specified exceptions in each case.

No decision is possible as regards goods made of Cotton Silk and Artificial Silk until the recommendations of the Indian Tariff Board on the cotton textile industry have been received and considered but it has been agreed that when decisions have been reached the 10 per cent preference will be extended to these goods with the exception of Artificial Silk Yarn and articles on which protective duties may be imposed.

With a view further to develop the external market for Indian manufactures and agricultural products arrangements have been made for the exchange of preferences with Colonies and Protectorates which will generally speaking extend to India the full benefits of their preferential tariffs. When three exchanges become effective this will involve, the grant of preferences to India on—

Cotton manufactures and on such commodities as Tea, Coffee, Oil-seeds and Vegetable Oils, Paraffin Wax, Carpets and Rugs.

The Agreement also provides for the grant by India of preferences on certain commodities which are staple exports of the Colonial Empire including—

Specified Gums and Resins, Oil-seeds, Vegetable and Essential Oils, Unground Spices, Cocoanuts, and Cocoanut products, Fish, Fruit and Vegetables, Sago and Tapioca, Rum and Unmanufactured Tabacco but excluding Sugar.

The Agreement between His Majesty's Government in the United Kingdom and the Government of India shall continue in force until a date six months after notice of denunciation has been given by either party.

Provided in the event of circumstances arising which in the opinion of either party necessitate a change in the rates of duty or margins of preference settled by the Agreement on any particular description of goods that party shall notify and consult with the other party with a view to adjustments being agreed upon. If no agreement is reached within six months of the date of such notice it shall then be open to the original party to give to the other party six months' notice of his intention to carry into effect the change desired in the rate of duty or the margin of preference on goods of the description named in the original notice and to bring the revised rate or rates into operation at the expiration of this period.

Conversations have taken place between the Indian Delegation and the Delegations representing the Dominions on the subject of possible tariff agreements but time did not permit of the consideration of this question being advanced beyond the stage of preliminary discussions. The Government of India will be prepared to consider the matter further when they receive a full report from the Indian Delegation.

Letter No. 1442, dated 9th September 1932 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have considered the Press Communique regarding the "Agreement" reached between the Indian and British Delegations at the Ottawa Conference. They have already protested against the personnel of the Indian Delegation, made up exclusively by Government nomination, and against the non-association of the Indian business interests. And on the issue of the Communique, they, telegraphad to Government as follows:—

> "Committee Indian Merchants' Chamber are considering the Ottawa Agreement. The advantage to India is not obvious at first glance but there appears to be danger of India's trade with other customers being disorganised. Committee would therefore be grateful if the figures and calculations on which agreement is based as being advantageous to India are supplied for public information. Committee would also like to know when the report of the delegation is to be published."

2. In a previous communication, my Committee had expressed the view that it did not appear to them that there was any scope for any agreement, having regard to considerations of Government revenue and the state of Government finances, as also to the effect of an agreement of this kind on such industries as had been built up in India. They could not likewise overlook the probability of retaliation by India's important customers, who would resent the differential and discriminating treatment to them. That situation has now actually arisen.

3. My Committee would like to point out that India stands on a different footing from the Dominions, whose exports to the United Kingdom have been greater than their imports from the United Kingdom. It will be seen from the

Trade Returns that India generally buys far more from Britain than she sells to her, so that she would have to accord much greater advantage on British imports into India than she would receive on her exports to Britain. The balance of advantage would, therefore, be so obviously against India. Even assuming that the percentage of preference given over foreign countries by England to India, and by India to England, is the same, it is an unequal bargain on the face of it, having regard to the great inequality in the value of our exports to the United Kingdom and our imports from her.

4. It is equally obvious that any preference given on raw material and foodstuffs, which are subject, after all, to world prices, would benefit not so much the seller as the buyer. And the claim, that England is benefiting India by not taxing Indian raw material and foodstuffs,—the raw material for her industries and the food of her population, would, indeed, be seriously challenged. In any event, it leaves the position that foreign countries, which are purchasing raw materials and foodstuffs from India of larger value, would resent the unprovoked and uncalled-for imposition of differential tariffs against them by India, and must turn to alternative sources, wherever such sources are or can be available.

5. It has been stated in the Government Communique that the preferences may be given either by an increase of duties on foreign goods or—subject to certain exceptions mentioned, by a reduction of duties on the United Kingdom goods, or by a combination of both the methods. A reduction of the existing duties in favour of Britain is, my Committee submit, out of question, as it would be equivalent to making the Indian tax-payer pay for the preference to Britain. The imposition of other burdens to make up for loss of revenue on this account would be very greatly resented throughout the country and would be a serious deterrent to the revival of trade

which everybody is seeking. On the other hand, the imposition of additional duties on goods of non-British origin would, in the case of some essential articles, be an intolerable burden, on the consumer. If the consumer in India must bear a burden, it should be for the support of Indian industry, and my Committee cannot help noticing the ludicrous contradictions of those advocates of Imperial Preference, who are amongst the keenest opponents of protection to Indian industry on the ground, of burden on the consumer. The recent example of the emergency duties, which were asked for only against Japan, but which were granted against *all* non-British countries, illustrates the point. There was no reason whatsoever for imposing a higher customs duty on textiles emanating from countries like Italy, which are on the Gold Standard. If the Italian authorities regarded this as a hostile act, which merited retaliation, they would indeed have a just and proper cause. Indian public opinion has never supported such action against Italy, United States, France, Belgium, Netherlands and Germany, who are amongst India's best customers, and who collectively have been far more important to India's export trade than the United and the British Dominions put together.

6. My Committee must point out also the political impropriety of carrying this agreement in the Assembly with the support of the Official bloc and the nominated members. If Government desire to strengthen the widespread suspicion of Britain's economic motives with regard to India, they could not do better than what they have done already in the matter of the Ottawa agreement and ratifying the same in the Assembly by a simple majority with the help of the Official bloc and the nominated members.

7. In the United Kingdom there are already negotiations on foot for trade agreements between Denmark, Argentine, and some other foreign countries. My Committee are not aware of any programme of the Government of India for advantageous

trade agreements with India's far more important customers than Britain. Canalising India's trade in Empire channels by means of tariff walls is, moreover, opposed to what was much professed by the British Prime Minister and the Cabinet in regard to the revival of world trade and the stabilisation of world exchange. In any case, my Committee must take a very dismel view of the future, until the Government of India came out with a robust economic policy in application to Indian concerns, in industries as well as in banking, shipping and insurance, of the same kind as has been prevalent in the Dominions for a long time and as is being now adopted in the United Kingdom herself. Indeed, preference must begin at home first, and the supreme preference by India must be for things Indian. My Committee would respectfully suggest to Government that the advantage, which England seeks from India in this way, is not worth having, as its reactions on the Indian mind will be extremely unhealthy, and it will only strengthen the hands of those, who believe that India is regarded in the Empire, not as an equal partner with whom there should be "give-and-take" on a just and fair basis, but as an Imperial asset to suit Imperial purposes.

8. When my Committee are in a position to examine and consider the actual text of the agreement, when issued, they will address you further and more fully on the subject.

Letter No. 1768, dated 2nd November 1932 from Chamber to the Government of India, Commerce Department.

In continuation of my letter to you dated 9th September, 1932, and, as mentioned therein, I am now directed by my Committee to address you on the Report of the Indian delegation to the Imperial Economic Conference at Ottawa, and with reference to the Trade Agreement between His Majesty's Government in the United Kingdom and the Government of India.

2. My Committee desire, first of all, to emphasise that India's participation in the Ottawa Conferencewas imposed on her from outside. The people of India were not consulted about the advisability of holding, or participating in, such a Conference, and the fact that the Government of India had agreed to send a delegation, and also had nominated delegates to that Conference was made known almost accidentally in reply to a question in the Assembly, on the 4th April last. It cannot, therefore, be said that the nominees of the Government of India, who attended the Conference, spoke on behalf of India, or that India willingly participated in the deliberations of that Conference.

3. My Committee have examined the Report, and can only reiterate their condemnation of the Agreement entered into. Indeed, from an examination of the arguments and the statistics contained in the Report, they feel more convinced than ever that the Agreement is not only *not* to the benefit of India, but is positively prejudicial to her economic interests. The attitude of the Government of India, in the past, on various occasions when the question of Imperial Preference came up, is well known, and has been well recognised by the Delegation themselves. It was that India had little to gain by the adoption of a general scheme of tariff preferences within the Empire, and that on the balance there were no sufficient grounds why India should support any such scheme. In spite of that attitude, which they consistently maintained till 1927, when granting protection to India's Steel Industry the principle of Imperial Preference was introduced by the back-door, in the teeth of the opposition of the elected members of the Legislative Assembly. The same was done in the case of the Cotton Textile industry in 1930, when the plight of that industry was taken advantage of to extend the principle of Imperial Preference. It is inconceivable how it can be held that there was no preference to Britain involved in the differential duties then imposed. It is

also inconceivable to my Committee how the preference then given could have possibly been in the interests of India, as contended by the Delegation.' The Delegation themselves recognise that, if not in intent, in fact, at any rate, those duties did involve the grant of preference to Britain. And they also recognise that the duties did confer advantages on Britain. But as far as this country is concerned, it received no equivalent and compensatory benefit.

4. Having thus departed from a policy consistently maintained since Lord Curzon's time, the Delegation have now thrown it completely over, on the ground that a new situation had arisen following the Import Duties Act, and the subsequent announcement of His Majesty's Government in the United Kingdom in this behalf. That new situation was the imposition by the United Kingdom of a general 10 per cent. duty from which India would be exempted, if she agreed to give preference to Britain. In the words of the delegation, "*It was no longer a question of what India stood to gain, but what she stood to lose,*" if she did not give such preference—a point of view which my Committee consider untenable.

5. The Delegation emphasise that the paramount consideration to be borne in mind was, of course, the interests of India's export trade; but my Committee fail to see that they have even considered those interests. They cannot help pointing out that the issues involved in the Ottawa Conference, so far as India was concerned, did not receive the dispassionate consideration due, and the Delegation were throughout obsessed by the fear that, if India did not join in such a scheme of preference, her export trade to the United Kingdom would inevitably shrink and suffer. The Government of India themselves cannot be acquitted of partisanship in this matter. Indeed, it cannot be denied that it was their clear intention to give preference to Britain, following the preference already

given to her in Steel and Textiles. Nowhere in the Report, for instance, the slightest consideration seems to have been given to the serious probability of the loss to India's export trade with foreign countries, which is nearly three times as much as that with the United Kingdom. Nowhere has there been any consideration of India's export trade *as a whole.* In the case of almost all foreign countries, India exports to each one of them far more than what she imports from it. And Lord Curzon's Government, 30 years ago, was wise in refusing to consider any concession of tariff preferences, which might "involve reprisals by foreign nations." In estimating the balance of advantages, however, the Delegation did not even consider the possibility of such reprisals and their effects on India's export trade.

6. It has been argued that the interests of the Indian agriculturist demand the grant of preference to Britain lest his exports to British markets diminish. So grave a concern for him should have merited at least some examination of the probable effects of the Agreement on his exports to other countries which, we need not repeat, are of far greater moment to him. The Delegation have paid not the slightest attention to these his more vital interests, in the rest of his markets, which absorb 64 per cent of his produce as against 22 per cent taken by Britain. To say, therefore, that the Delegation have acted in his interests is but a travesty of facts.

7. The most amazing part of the Report is that in which an attempt is made to show that by keeping certain articles on the free list the United Kingdom is conferring a boon on India, and that the Delegation have achieved some unforeseen gain for India by persuading the British delegation to do so. The Delegation admit that in the case of those articles, in which India possesses what amounts to a practical monopoly in the British market, a preference is "nugatory." They enumerate articles, like Raw Jute, Lac, Myrabolams, Broken

Rice, Mica and certain varieties of Hemp, in which India enjoys such a monopoly. In spite of this, they make a laboured apologia to lead the public to believe that India has been favoured by the United Kingdom by keeping on the free list these raw materials of British industry.

8. Then again, the consideration of the Delegation has been most superficial and one-sided, on the effects of India's non-participation in the scheme on her export trade to the United Kingdom. The largest items in this trade are, Tea, Jute, Hides and Skins, Raw Cotton and Oil-seeds. My committee consider that the risk which weighed in the minds of the Delegation, in the case of Tea, was most exaggerated. After all, India is the largest supplier of Tea to the United Kingdom, and the ability of Ceylon to supplant India in the United Kingdom market is limited. An import duty on such a necessity of life inevitably falls on the consumer. So much has been said of the instance of Tea that it calls for a little fuller examination. India exports to the United Kingdom Rs. 22 crores of Tea. Ceylon, the next largest supplier, exports about 18 crores. Now, if Ceylon got preference, and we did not, it could under-sell us in the British markets provided, of course, it were capable of totally supplanting Indian exports. But it is obvious that Ceylon cannot more than double its output. It is conceivable that it might increase its production by 4 or 5 crores, in which case, the figures of Indian and Ceylonese exports would be just reversed. But assuming that Ceylon were in a position to supply 22 crores Britain would still require 18 crores and would have to come to India for it, the supply from the Dutch Indies being comparatively small. A duty of 10 per cent against Indian Tea, 18 crores of which is wanted by Britain can only result in rising the price of *all* Tea imported into Britain. In that case, Ceylon would no doubt have the benefit of that higher price. All the same, the person who would be hit most would be not

the grower in India but the consumer in Britain. Besides, as the Delegation themselves say, "*when the preference is accorded to several countries and their aggregate export to the importing country constitutes a large proportion of its requirements, the preference cannot do much to extend the market for the produce of any of the countries concerned.*"

9. It ought to have been obvious, therefore, that no Government in England would ever impose any higher duty on Tea, which would be a burden on the British consumer. One might assuredly hope also that the interests of the British Tea planter in India would equally weigh with the British Government before they took any such action against them. And in guarding their interests, those of the Indian Tea Labourer would *ipso facto* be taken care of. My Committee would be much surprised if an article produced by the British planter in India and consumed by a large majority of the population of the United Kingdom could at any time become subject to much increased or heavier duties, even if India had not entertained the Agreement. It may be noted in this connection that there are, in British politics, very important interests who are seriously opposed to any further levy which would add to the cost of living.

10. In the case of Jute, India's monopoly as a producer is, of course, recognised. In the case of Jute manufactures, a duty of 10 per cent against the Indian product would have hurt the British manufacturer in India, and it is, therefore, doubtful if the British delegation would have carried out the threat in this class of goods too. Even if they did, it would have affected no more than 6 per cent. of our total export of Jute manufactures 94 per cent of which go to foreign countries.

11. In the case of cotton, it may be noted that a duty on foreign cotton imported into the United Kingdom was suggested by the Indian Delegation; but the British delegation made it plain that they could not entertain such a proposal at

all. The only article of importance in which an additional market could be given to us by the United kingdom is raw cotton. But a preference in favour of Indian Cotton is flatly denied. A pious hope is held out that arrangements will be made to encourage the export to Lancashire of Indian Cotton of improved type, and the Delegation are more than satisfied with this hope. They forget, however, that in spite of the efforts of many decades, the kind of cotton required by Lancashire has not been produced in India in sufficient quantities. They forget also the fact that, even if we grew some more of the improved variety in future, the Indian mills would be its first buyers, because they are now *importing* such cotton. The day when the Indian grower is in a position to supply an exportable surplus of such variety, over and above the increasing requirements of the Indian mills, is remote. And a little thought would have saved the Delegation from falling, and from leading the public, into the erroneous belief that there was any advantage to India in such a hope. Cotton was the only article in which the British delegation could have shown their *bona fides* for the benefit of the Indian export trade. It was the only article in which the Indian Delegation could have justly insisted on a clear preference. A scheme of preference, in which there is every likelihood of Indian exports of raw cotton to Japan and other countries being reduced, and in which there is no possibility of a corresponding increase in England's demand for the article, must obviously be detrimental to the interests of the Indian grower. Attempts have been made in the past by Britain to develop the growth of suitable cotton, in *other* parts of the Empire, by means of subsidies. If this be an indication of the direction of the co-operation of His Majesty's Government in developing the growth of cotton, then, India has little to expect from Article 8 of the Agreement.

12. The Delegation, indeed, admit that "*the importing country has always to consider the interests of its own manu-*

facturers, and must naturally be reluctant to impose duties, which would increase their cost, more particularly when the finished products of industry are ultimately exported to foreign countries." The bulk of our exports to the United Kingdom consists of raw material for British export industries. And that being the case, they should have realised that India had nothing to fear from the operation of the Import Duties Act. The very interests of British industry would have dictated to His Majesty's Government the inadvisability of doing anything to increase its cost of production by the imposition of such duties. For, an import duty on essential raw material must inevitably fall on the manufacturer who uses it, and to that extent his ability to compete in foreign markets must diminish. It should, moreover, have been obvious that most of India's exports to the United Kingdom are such as cannot be so easily replaced from other sources. The preference accorded to India by the United Kingdom on such articles is therefore, sham and illusory. In fact, having regard to the very nature of our exports, it would be difficult to show how any material preference could be given by the United Kingdom, which would be of value to India. And even assuming that there was a possibility of a part of our export trade to the United Kingdom, in some or other of the less important commodities, being diverted on our non-participation in the scheme, the loss would be nothing compared with the loss that, under our participation in the scheme, we shall be faced with in our export trade with the rest of the world. The inevitable increase of imports into India from the United Kingdom, resulting from such a scheme of preference, must appreciably reduce imports from foreign countries, which, in their turn, will be compelled to buy *less* from India. And when it is remembered that India sells far more to them than to Britain, the serious effect of Imperial Preference on India's export trade can well be imagined.

13. The tariff weapon is admittedly being used by the British Government as a bargaining instrument to obtain certain advantages for British goods in the Empire markets. The Indian Delegation are apparently satisfied that they have struck a good bargain for India. My Committee are, however, of the opinion that the Delegation were so overpowered by the fear of the danger to Indian exports to the United Kingdom, that they overlooked the importance of India's position in international trade in general, and in the trade with the United Kingdom in particular. They do not seem to have been aware even of the most elementaty facts of the situation, that, on the one hand, Indian exports to the United Kingdom are mostly articles of food and drink, or raw materials required for British industry, most of which are difficult to be replaced; and, on the other, that the Indian market is the most important single market for British goods, and that the need for the retention and expansion of this market on behalf of the British manufactures, under present conditions, is greater than ever. Had the Delegation appreciated these elementary facts, they would have realised that India was in a much stronger position than other parts of the Empire; for, as Britain's largest single market, she was in a position to offer substantial advantages and, therefore, to dictate terms, instead of being dictated to under fear of imaginary losses. Had they taken this into account, they would have come to the conclusion that by the acceptance of the Agreement the gain of the United Kingdom was going to be preponderating and at the expense of India, and that by the non-acceptance of the Agreement the loss of the United Kingdom would have been far greater than that of India. Had these fundamental facts been borne in mind, and had they adopted the very method of the British Delegation, and used the same threats in the bargaining, the situation would have been entirely different. In answer to Britain's threat of penalising Indian goods, the delegation could have, with equal justification, threatened to withdraw the advantage *already given*

in Steel and Textiles. That such a natural attitude would have gone home to the British Delegation may be realised from the fact that they were fully conscious of the substantial advantages which Britain was receiving by these already existing preferences. In para 100 of the Report, the Delegation observe: "*It cannot be assumed that if there had been no differential duties, His Majesty's Government in the United Kingdom would have been prepared to enter into the Agreement actually concluded or that they would be prepared to continue the Agreement indefinitely if the differential duties were abolished.*" This means that without any further gifts on our part, the British threat would have been silenced, and the fear of loss of India's trade in the United Kingdom, which is the basis of the Agreement and the Report, would have altogether disappeared. A most valuable instrument of bargaining was thrown away.

14. Even taking the Agreement as it is, my Committee consider that the Delegation, in their Report, give an entirely misleading impression to the public regarding the advantages which either country may expect. In the first place, they calculate, omitting the most important commodities that are imported from the United Kingdom on which preference is *already being given, viz.*, Steel and Textiles, that India will be called upon to give preference to Britain only on £17·4 million of British goods, and that, on the other hand, India stands to receive preference in Britain on goods of the value of £41·8 million. If, however, the excluded items are taken into account, which come to £26·6 millions, the Delegation say that the balance is fairly even, which means that the value of trade of either country likely to receive preference is about the same. Even so, the British Chancellor of the Exchequer stated only the other day in the House of Commons that India had given preference on as much as 26 per cent of her total imports; and since the Delegation have been working on the figures for 1929-30, the percentage works out at over £46·8 million of goods on which we are to give preference to Britain, as against

£44 million (£17·4 + 26·6) estimated by the Delegation. The difference, is, however, small and we shall leave it aside. But why need they have at all presented such misleading data, and suggested that we would be called upon to give preference to Britain only on £17·4 million of our imports? And why should they have excluded, from the imports into India, Steel and Cotton goods, on the ground that we had already given them preference, when they do *not* exclude from the imports into Britain, Indian Tea which has also been receiving preference for several years now, irrespective of the recent Imports Duties Act? If articles on which preference is already granted are to be excluded in striking a balance, surely they must be excluded in both the cases. Moreover, they themselves admit that the fairness of the Agreement cannot be measured by this "crude test." In the words of the Report, "*the only test by which the value of a trade Agreement can be judged is the extent to which it results in an increase in the export trade of the countries concerned or in the retention of trade which would otherwise have been diminished or altogether lost.*" While unnecessarily dilating on several irrelevant and minor issues, they have taken no trouble whatsoever to apply to the Agreement this "only" and real test, and to work out an estimate of the gain or loss to India on such a test.

15. In fairness to the Indian public, the Delegation should have made some attempt to estimate the probable increase or decrease in the trade of either country, with reasons in the case of each article. My Committee have searched in vain for such an estimate in the Report. They therefore cannot accept the mere assertion that India has gained "solid and substantial advantages," and that, "what she has given can be given without detriment to any national interest"; because if we were to apply to the available data of 1929-30, the year which the Delegation have adopted as the basis of their estimates, the very test enunciated by them, my Committee are

convinced that the conclusion would be wholly contrary to that assumed by the Delegation.

16. The value of a trade agreement can only be assessed on the basis of anticipated gain. In assessing, therefore, the value of the Agreement with the United Kingdom, one must needs estimate the probable gain in the export trade of either country, if the Agreement is to be *accepted*, and the probable loss in the case of *non-acceptance*. From the very nature of the case, there can, of course, be no finality or exactness in such an estimate. But an estimate based on available data applied with due regard to known economic tendencies, is better than no estimate at all. A Finance Member who makes his estimates of Revenue and Expenditure for the coming year, particularly with reference to new taxation, is on similar grounds, and it is all he can do to make them as reasonable as possible with due regard to economic considerations. In the present case, there can be only one method of estimating. By taking the total imports into India from all countries of the various classes of articles affected by the Agreement and by deducting from them the same classes of imports from the United Kingdom, the maximum *margin* which the United Kingdom can hope to capture in the Indian market is arrived at. It is obvious, however, that it cannot capture the *whole* of that margin even with the help of a preferential duty, save, perhaps, in exceptional cases. What we have therefore to estimate is its probable capacity to capture a part of this margin. And in this, numerous factors enter into calculation. Each class of articles must be examined on its own merits and on known tendencies. Further, we must take into account also the factor of protection to the indigenous industry, of competition from other countries and the capacity for expansion of the industry concerned. My Committee consider that having regard to all these factors, the most that the United Kingdom can hope to do, in most of the classes, is

to capture about 50 per cent of the possible margin. The total possible margin to the United Kingdom in the imports into India of articles which are to receive preference is about 75 crores, and since in some of the classes less than 50 per cent of the margin might be captured, it would be reasonable to estimate that it would capture, say, about Rs. 30 crores of new trade in India.

17. Similarly, the additional market that India may capture in the United Kingdom can be estimated, due regard being paid to the nature of Indian exports, and the other factors referred to above. My Committee estimate that by the preference offered to Indian goods in the British market, the additional trade that we may have in that market is hardly likely to exceed Rs. 15 crores, most of which will be a diversion from our present trade with other countries, whose capacity to buy from us will be reduced on our buying less from them and more from Britain, as a consequence of the preference that British goods will receive in India.

18. While Britain therefore stands to lose 30 crores of additional trade if the Agreement is not accepted, we stand to lose little because, in the event of acceptance, the additional trade that we might expect with the United Kingdom would *not* be *new* trade, but only a diversion from our existing trade with other countries. In the event of non-acceptance, Britain has, of course, threatened to impose a 10 per cent duty against some of our goods. My Committee have estimated that having regard again to the nature of India's exports to the United Kingdom, the shrinkage in the British market due to the duty will be no more than 10 to 25 per cent, according to the nature of the articles. In this connection, we take into account the articles in which India is the chief supplier to the United Kingdom ; those in which the Dominions or the Colonies are likely to compete ; those in which our capacity to export is limited ; and certain special articles like linseed, pig iron and cotton.

Taking all these factors into account, in the event of non-acceptance of the Agreement, we would stand to lose at the most Rs. 10 crores worth of export trade to the United Kingdom, for which we shall have to find other markets. But since in this case we would not be giving any preference to Britain, there should be no difficulty in our foreign markets absorbing these exports—a bare 2·5 per cent of our total exports. And it must be remembered again that between them, foreign countries buy far more from us than Britain or the Empire.

19. On these estimates a balance can be struck. And it will be found that if the Agreement is accepted, while Britain stands to gain far more than we do, we stand to lose little if the Agreement is not accepted. And this balance does not take into account the harm that would befall indigenous industries in India by the grant of preference to Britain, and the amount of additional taxation that would be involved in putting the Agreement into effect, which harm and which additional taxation we should be spared, were we to reject the Agreement.

20. My Committee would like to point out that if the increase of British imports into India is estimated at any *lower* figure, the amount of higher taxation which India will have to pay on foreign imports will be *greater*; and if the estimate of such imports is *higher*, the reciprocal advantage to India in the British market should be correspondingly *larger*. In other words, if British imports into India increase, the Customs revenue suffers because of the preference and to the extent of the increase and the decline would have to be made good by fresh taxation. If they do not increase to the anticipated extent and foreign goods still continue to be imported, the higher duty against them means so much more indirect taxation on the people. But in the former alternative, in increasing Britain's advantages in the Indian market, India can justly claim equal and reciprocal advantages in the British market. In view of the estimates given above, my Committee feel that, on the one

hand, the advantage to India in the British market is likely to be comparatively small, and, on the other, there is bound to be substantial addition to taxation in order to give effect to the Agreement,—which means that in either case the sacrifice of India is great.

21. But even this statement of account is incomplete, when we consider the important fact that the Agreement would be not only between India and Great Britain, but also with the Colonial Empire. For want of time at Ottawa, no Agreements have been concluded by the Delegation with the Dominions, and though discussions were carried on further, negotiations have been left to the Government of India. In the case of the Colonies, Protectorates and Mandated Territories, which are covered by the Agreement with His Majesty's Government, no reciprocity is offered, because, whereas a few minor Colonies will be invited and are *expected* to give preference to Indian goods, under certain conditions, the more important Colonies like Kenya, Uganda, Tanganyka, Zanzibar, Nyasaland, part of Northern Rhodesia, the Gold Coast, Nigeria, and the Mandated Territories will not give *any* because of their international Agreements In spite of this fact, India is required, and the Delegation have accepted the position, to give preference to goods coming from all these Colonies. Besides, no assessment of the value of the trade coming from these Colonies has been made or is possible. The Delegation admit that no Trade Returns are available relating to most of them; and, therefore, there are "insuperable difficulties" in making any estimate. At the same time, some of these Colonies do a large entrepot trade; and there are bound to be, therefore, serious administrative difficulties in ascertaining whether particular articles really originate from the Colonies in question. As to how the Delegation could have signed an agreement, which gives away valuable privileges in the Indian market to such a large number of Colonies, without obtaining from them at the same time anything in return worth the mention, passes comprehension.

22. Even confining ourselves to the rest of the Colonial Empire, *i. e.* excluding the Colonies, Protectorates and Mandated Territories which are debarred from giving us preference, the Delegation, first of all, admit that they were unsuccessful in their efforts to obtain preference for Indian and Burmese rice which has to meet with keen competition in Eastern markets from rice produced in other Asiatic countries. Ceylon and Malaya, in facts impose an import duty on rice. Fiji, which gives some preference to Empire goods, cannot give us any special preference, because we cannot give preference on its sugar, since sugar is a protected industry in India. Nor can Mauritius give us any preference unless we gave preference on its sugar, which we cannot. The West Indies, Sierra Leone, Gambia, Somaliland, Gibraltar and Cyprus give a preference on Empire products. But the Delegation themselves find that the only Indian exports of substantial importance are Jute manufactures and rice to the West Indies, to an annual value of about Rs. 40 lacs. Hongkong is only a port, with no hinterland, and its trade is mainly an entrepot trade, and it is therefore not in a position to give any preference to any part of the Empire. In the case of Malaya, the Delegation admit that we shall have to give *more* than we receive. And even taking the Colonial Empire as a whole, they haltingly admit that India will "*probably be found to be giving preferences on goods of somewhat higher value than that of the goods on which she receives preferences from the Colonial Empire*"; and that we must trust to the growth of our exports of manufactures to "*redress any adverse balance*". Do the Delegation seriously hope that we shall increase our manufactures, when the whole scheme of preference is divised to *increase* the imports of British manufactures into India?

23. If the estimate made above regarding the diversion of Indian trade to the United Kingdom be considered, along with the obviously one-sided nature of the Agreement with the Colonial Empire, the conclusion is only strengthened that taking

the Agreement as a whole, it is calculated to give far more than to receive.

24. My Committee must draw attention to another aspect of this matter. It is a tragic irony that we are called upon to give preferenoe to Colonies in which the treatment meted out to Indians leaves much to be desired, and which has been one of the sorest grievances of India for years past against the Colonial Office. Where the citizens of India are denied the bare rights of citizenship in a Colony or Dominion, it is a travesty of justice, to suggest that raw materials or manufactured articles from that Colony or Dominion should have preferential consideration in India. It is an acknowledged convention of commercial treaties and arrangements that the contracting parties give each other's citizens mutual rights to enter, travel and reside in each other's territories, and to possess property and do not subject them to any special taxes or charges. There are Colonies in the British Empire which not only do *not* give Indian citizens such elementary rights but in fact impose on them the further hardship of discriminatory legislation, and we are now asked that we should give them preference without any undertaking on their part to give Indian citizens even such conventional rights. The Delegation cannot say that this point was not brought to their notice, as my Committee understand that the Chairman of the Imperial Indian Citizenship Association, sent a telegram in the matter to the leader of the Delegation. My Committee consider that in identifying themselves with the grant of preference to Colonies, which treat Indians with discrimination, the Government of India will seriously discount their advocacy of the rights of Indians in the Colonies and Dominions,—an advocacy which for a number of years recently has been to their credit. As long as this discrimination against Indians prevails in any Colony, any preference to the goods of such a Colony, can only be considered as an insult added to injury.

25. The Report is not only misleading as already pointed out, but has altogether ignored two most important aspects

arising out of the Agreement, namely, the loss of Indian trade in other countries and the additional indirect taxation involved in putting the agreement into effect. We have already referred to the fact that there is not even a mention of India's trade with other parts of the world, which, in the aggregate, is of far greater consequence to us. So far as the method of putting the Agreement into effect is concerned, it is obvious that it will require many changes in the tariff, leading to additional indirect taxation, which must be condemned unreservedly. If preference is given by a *reduction* of the existing import duty, the resulting gap in the Customs revenue will have to be made good by *additional* taxation. If it is given by an *increase* in the existing duty, that increase will be *additional* indirect taxation. *So that, in, either case, preference can only be given by increasing taxation, direct or indirect.* There can be no justification for taxing the poor Indian citizen in order that British imports into India may increase.

26. My Committee doubt if any serious consideration has been given by the Delegation to the position and prospects of the several nascent industries of India which are thus to be faced suddenly with the serious competition of British Goods if they receive preference by a *reduction* in the existing duty. If an attempt is made to gauge the consequences on many indigenous industries that are just beginning to establish themselves, it will be found that, exposed to serious competition, most of them will be threatened with extinction. In a representation of this kind it is, of course, impossible for my Committee to go into the prospects of all such industries. They can but mention a few instances. Take the instance of the soapmaking industry. With the growth of numerous soap works in India, imports of foreign soaps, during the last four years alone, have declined from about Rs. 50 lakhs to Rs. 28 lakhs. The value of the present output of these works is estimated at about Rs. 20 lakhs and the value of their

productive capacity is estimated at about Rs. 52 lakhs. In other words, they are in a position to-day to more than double their output, and to replace the entire imports. The Agreement, however, will deal a serious blow to them; for a 10 per cent preference given to British soaps—and even now more than 80 per cent of imported soaps come from Britain—is assuredly calculated to drive the Indian manufacturer out of his own market. And instances of this kind in which grave harm will be done to Indian industries by the grant of preference to Britain can, indeed, be multiplied.

27. Take another kind of instance. The Agreement seeks to give a preference of 10 per cent to aluminium circles and sheets and manufactures imported into this country from Britain. There are a number of indigenous factories in India importing such circles and sheets and pressing them into utensils. At the same time, the large manufacturers of aluminium in Britain have also established utensil-making factories in this country. A preference of 10 per cent given to British aluminium circles and sheets must needs, therefore, drive the Indian manufacturer into the hands of the British aluminium interests. And since those interests themselves have their own factories in India, nothing will be easier for them than to starve the Indian manufacturer of supplies, and by extending their own factories, drive him out of his own market.

28. Apart from the important issues involved directly in the Agreement, there are fundamental questions of policy which the Agreement is likely to affect. For example, inspite of the way in which preference was given to British goods, while passing the Steel and Cotton Duties Acts, it has been assumed by the Delegation that these were a part and parcel of the fiscal policy of this country. This introduces a new question in the industrial policy of the country, namely, whether protection to Indian industries is to be given subject always to the dominating condition that the protective scheme itself

shall contain preference for British goods, in those cases in which British manufacturers are interested. My Committee need not point out that this would be in strange contrast to the policy of the Dominions, which do not and will not give any preference to British goods in the case of those of their industries which, in their own interests, require protection even against Britain.

29. It may be pointed out that, unless a national economic policy is established in India and acknowledged and accepted by Government, the Agreement is contrary to national interests. A trade agreement should give maximum advantage for the products of a country and lead to increased manufacture, just as Britain seeks to do in her own case; and preferences should only be extended to such articles as are not manufactured in India or cannot be manufactured. It seems contrary to common sense, and to every consideration of economy, that Indian sheet bar should be exported to the United Kingdom and manufactured there into sheets, to be shipped back to India, when India could and should manufacture them herself. The industrial policy of India may thus be further adversely affected by the acceptance of the theory of industrial co-operation involved in the Supplementary Steel Agreement. If this position is accepted,—along with the change in the policy just referred to,—India will be reduced to the position of manufacturing semi-finished goods; will be denied also the opportunity of extending domestic manufacture and employment; and the Indian taxpayer will be called upon to pay, so that the British manufacturer may have the benefit of turning these semi-finished goods into finished articles for the Indian market and thus help to relieve unemployment in Britain: and, incidentally, give additional cargo virtually to British bottoms. In so far as the Shipping industry is concerned, why, the whole scheme of preference will only strengthen the already dominant position of British Shipping in Indian waters, to the detriment of the growth of Indian Shipping.

30. The Delegation have omitted to consider also that, apart from actual tariff preference, British goods already receive substantial preference in this country in a variety of other ways. By administrative arrangements; by the fact of British investments in this country; by the manipulation of the currency policy of the country; and no less, by the introduction of the preferential method in the schemes of protection already in operation, British goods already receive preference in the Indian market, for which India does not get any adequate return. Indeed, Britain has always acted on the basis that India should be the producer of raw materials, and should be a free and open market for British goods. She has derived advantages in the past by the imposition of an excise duty in favour of Lancashire. She has manipulated Indian currency and exchange to the advantage of British interests, and even now, to the serious disadvantage of India, free export of gold is allowed. Since Britain departed from the Gold Standard and the Rupee was compulsorily linked to Sterling at the Statutory Rate, British exports to India have secured preference of about 33 per cent over Gold Standard countries. This was in addition to the advantage of 12½ per cent already conferred on them by the currency manipulation that raised the Statutory Rate from 1/4 to 1/6. On the top of this, the Agreement proposes to give them a further additional advantage of 10 per cent; and this is what the Indian Delegation are pleased to call a substantial gain to India! Would it not have been fair and reasonable to have insisted on a *quid pro quo* for the advantages already secured by Britain through currency manipulation, before even entertaining the idea of this further sacrifice for the benefit of the British manufacturer?

31. It has been laid down that in view of the impending constitutional changes, the Agreement is subject to six months' notice by either party, so that if the future Government of India want to denounce it, they can do so with ease. The difficulty of denouncing trade agreements is well known. Why, even His

Majesty's Government have hesitated to denounce the Anglo-Japanese trade agreement, in spite of the plight of Lancashire on the one hand, and the Indian cotton-mill industry on the other. The clause in the Ottawa Agreement regarding six months' notice has misled some people into the belief that the Agreement is not likely to do much harm because it will be possible to denounce it in due course. This, first of all, assumes that under the constitutional changes, India will attain the position of a self-governing country, with powers to denounce such agreements, if she thinks fit. The manner in which Government are setting about getting together delegates for the Third Round Table Conference would not appear to warrant such hope being entertained, and it is generally apprehended that Government will force on India a Constitution which will, for all practical purposes, make the exercise of such power inefficacious. Even assuming that India will reach that status in the immediate future, the new Constitution will take two or three years to begin really to function. During the interval, new trade relations will have been formed, many channels of trade diverted, and the vested interests thus created will act as a powerful force against the denunciation of the Agreement. And all this time substantial damage would continue to be done to the country. My Committee would not have cared to mention this aspect but for the fact that the clause regarding six months' notice is likely to be mistaken by the public as a safeguard against the evils of the Agreement. It is idle to discuss seriously whether the Agreement is sound, or is in favour of India, or whether the notice clause makes it any the more acceptable. One is almost led to the belief that the Agreement, in anticipation of the establishment of political reforms long promised and evaded, is intended to tie the hands and the free choice of the future Federal Assembly.

32. On economic grounds alone, the Agreement is so essentially unsound that my Committee are amazed that the

Delegation did not unreservedly reject it. Whatever designation an economic arrangement between the Dominions and England might be given, it is altogether a misnomer to call any such arrangement between the United Kingdom and India an 'Agreement". Can there really be a fair and a just agreement between a politically unequal and dependent country, and another which is its ruler? So long as there is no settlement of the political issues, so long as India is not self-governing, there *can* be no trade Agreement between the United Kingdom and India. For, only a free Legislature can freely make an agreement of this kind. And my Committee warn the Government that, if they get it passed through the present Assembly by means of the Official bloc and the nominated members and Europeans, they will be laying the foundations, not of settlement between India and the United Kingdom, but of prolonged bitterness.

33. With regard to the manner, motive and method by which the Agreement was secured, my Committee will only say this. His Majesty's Government of the United Kingdom held out a threat, and asked India to come to terms. The representatives of India—nominees of the Government of India—and their expert advisers, without caring to examine the nature of the threat acquiesced. They argued themselves into believing that it would hurt terribly, shutting their eyes to the possibility of their being hurt in the back much more, and by a number of stronger assailants, because of this very submission of theirs in agreeing to discriminate unequally against them; and ignoring, likewise, the consequences of Britain's position in the trade of India, made still more predominant, inevitably reducing India's trade with other countries, without giving any compensatory increase in our export trade with Britain.

34. In the whole history of trade relationship between Britain and India there has been no sorrier instance of the Trustees of the people of India coercing them in a course of

action least consonant with their interests and manifestly in the interest of the Trustees themselves. In a word, it only means further economic domination. And any strengthening of the economic domination must needs result also in increasing the political domination over this country.

35. Having achieved their object at Ottawa, it has now been proclaimed to the world that it is far from being a selfish one. It is altruistic. It is a gesture and an invitation to the world to reduce tariff barriers. Verily, an appropriate prelude to the World Economic Conference! We are asked to believe that the only way to reduce such barriers is by putting on some *more* barriers! And by implication, we are asked also to believe that it would be in India's interests to reduce her tariffs and give up her protectionist policy. Further, the Prime Minister has declared that with the Ottawa Agreements in their hands, His Majesty's Government have every intention of entering into trade agreements with the other nations of the world. If they succeed, and pursue such bargains to their logical conclusion, a general grant of preference will only negate even the nominal preference sought to be thrust on India.

36. To sum up, my Committee are of opinion that the situation created by the Agreement and the consequences thereof are as follows:—

(1) The Agreement owes its origin not to India's needs or wishes, but to those of Britain. Having regard to the circumstances under which it has been made, and is sought to be carried into effect, it will be one forced upon an unwilling people, and is therefore not likely to promote any cordial relations between the two countries, especially at the present juncture.

(2) The Agreement will perpetuate, and extend further the present dominant position of Britain in the trade of India. This is against the very economic axiom,

that to be able to get the best advantage out of international trade, a country must needs have large trade relations with the largest possible number of countries as buyers and sellers,—in other words, the widest possible markets and the widest possible sources of supply. Besides, the consequent strengthening of the economic domination of Britain will only serve to perpetuate and stiffen the political domination, in the further vested interests that it will create.

(3) The Agreement is not based on the principle of reciprocity, because whereas the United Kingdom is likely to get a substantial benefit in the Indian market, India's advantage will by very little, if any, at all. The Delegation have failed to make effective use of the existing Indian tariff in striking a bargain.

(4) The Agreement ignores the principle of reciprocity altogether in the case of the Colonies, most of which are debarred from giving us any preference and to which nevertheless we are required to give preference. In the case of the remainder we are asked to give more and receive less. Besides, agreements with the Dominions are yet to come.

(5) The Agreement will reduce the purchasing power of other countries for our goods, because we shall get our imports in a much greater proportion from the United Kingdom, and there will thus be a substantial reduction in our imports from, and therefore in our exports to, *other* countries, which is not likely to be balanced by a proportionate increase in our exports to the United Kingdom. The Agreement wholly ignores this important factor.

(6) The Agreement may lead to retaliation, active or passive, from foreign countries, the aggregate trade with which is of far more consequence to us than that with the United Kingdom.

(7) The Agreement is bound to lead to additional indirect taxation, at a time when the people are already overtaxed. Even if in future the finances of the Government of India improve, there will remain a large amount of this avoidable taxation on goods from other countries.

(8) The Agreement will seriously prejudice the growth of Indian industries in those articles in which British goods are to receive preference, and many a nascent industry will be driven out of our own home market. Even if an Indian industry in any of these articles, at any time in the future, proves its case for protection, protection will be given only on the basis of preference to British goods, as already done in the case of Steel and Textiles.

(9) The Agreement initiates a policy of industrial co-operation between Britain and India, which will reduce India to the position of manufacturing semi-finished articles, and theIndian taxpayer will be called upon to pay in order that the British manufacturer may have the benefit of turning such articles into finished products for the Indian market.

(10) The Agreement in increasing British imports into India and diverting some of our exports to Britain, will only help to tighten the stranglehold of British Shipping to the detriment of our own.

(11) The alleged safeguard of power to denounce the Agreement on six months' notice is illusory.

(12) The threatened loss of Indian trade in the British market by the imposition of a duty on certain Indian commodities, in the event of non-acceptance of the Agreement by India, is highly and unnecessary exaggerated, because—

(*a*) the United Kingdom is not likely to impose additional duties on articles of food and drink or those which are required by her for manufacturing purposes;

(*b*) the United Kingdom is not likely to reduce imports from India, so long as she desires to increase her exports to us;

(*c*) the amount of trade which may be, if at all, in danger is so small that we shall be able to find other markets for the same, if necessary; and

(*d*) the difficulty of having to find such other markets is insignificant, compared with all the disadvantages enumerated above.

37. In conclusion, my Committee would like to emphasise that the Agreement should be judged *as a whole* in its manifold consequences on the economic life and financial system of the country, because these are interconnected. The emphasis of the Delegation on only one single aspect, *viz.*, the threatened loss of India's trade in the British market, gives an entirely wrong and warped perspective to the Agreement, and this must be deprecated as but a piece of propaganda in favour of British industry under the guise of the so-called protection of the interests of the Indian farmer For, the Agreement does *not* at all protect his interests; it is calculated only to divert the trade of India from other countries to the United Kingdom. In fact, the probable loss to him in the reduced demand for Indian raw materials from other countries will be greater than the threat-

ened loss to him in the British market in case of non-acceptance of the Agreement. Judging the Agreement as a whole, my Committee have no hesitation in pronouncing their conviction that it is *not* in the interest of the Indian farmer, *not* in the interest of the Indian businessman, *not* in the interest of the Indian manufacturer, *nor* in the interest of the general taxpayer. It is only in the interest of the British manufacturer, the British exporter, and the British shipper. Truly, has the President of the Board of Trade in His Majesty's Government declared in the House of Commons that it will mean "*an enormous increase in the activities of our houses exporting to India with a corresponding effect on manufacturing centres in the United Kingdom.*"

'Letter No. 1884, dated 15th November 1932 from Chamber to the Government of India, Commerce Department.

III

In continuation of the letter of my Committee, dated 2nd November, 1932, No. 1768, I am directed to draw the attention of Government to the position of manufacturers of bed-steads in this country. My Committee have, in paragraph 26 of the above mentioned letter, pointed out that several nascent industries of India will be faced suddenly with the serious competition of British goods, if they receive preference by a reduction in the existing duty. They also instanced the case of the soap-making industry, as well as Aluminium. The case of bed-steads manufacturing industry is also analogous. Messrs. Kirloskar Brothers, a member of this Chamber, are in a position to manufacture bed-steads, worth Rs. 2 lacs a year. There are also several other firms in the country, which are making bed-steads both for hospital and household use. The main competition for bed-steads is from the cheap products coming from the United Kingdom, specially Birmingham manufacturers who are, in fact, selling their products cheaper than the Indian-made ones, and any preference given to manufacturers of the United Kingdom will enable them to still

further stiffen the competition. A 10 per cent. preference proposed to be given under the Ottawa Agreement would, therefore, be a serious handicap to the Indian industry; and my Committee trust that this aspect will not be lost sight of, while the question of the Ottawa Agreement is being considered at present. I trust that you will kindly place this letter, as well as the previous communication from this Committee, before the Select Committee of the Legislative Assembly on the Ottawa Agreement.

Letter No. 3103, dated 9th December 1932 from Chamber to the Government of India, Commerce Department.

In continuation of my letter to you, dated the 2nd November, 1932, No. 1768, I am directed to point out that industries concerned with vegetable non-essential oils and soaps will suffer to a large extent, if the Bill to amend the Indian Tariff Act of 1894, based upon the Ottawa Agreement, is put into force. My Committee support, in this connection, the representation which has been addressed to Government by the Tata Oil Mills Company, Limited, dated the 25th November, 1932, No. G. 4860.

Cocoanut, groundnut and linseed oils, coming from British Colonies, have been given a reduction of 5 per cent. in duty and the method of assessment has been changed from tariff values to *ad valorem*. My Committee had already addressed Government with regard to cocoanut oil, in their letter No. 1333 dated the 30th August, 1932, regarding the necessity for levying a heavier duty on cocoanut oil coming from Ceylon, which has been competing very heavily which indigenous cocoanut oil. The effect of the proposed Bill will be to reduce this duty, instead of increasing it, and this will be a blow to the indigenous oil industry. India has, during the last six months, imported cocoanut oil, to the extent of Rs. 45 lakhs, as against Rs. 14 lakhs during the same period in 1931-32,

and Rs. 2·6 lakhs in 1930–31, the imports being mainly from Ceylon.

Similarly, under the Ottawa Agreement, a reduction of 5 per cent. in duty is proposed to be given to toilet soaps coming from the United Kingdom. There has been a great decline in the imports of toilet soaps from the year 1930 and the Indian industry is able to look up to some extent. Indian manufacturers are at present producing toilet soaps to the extent of about Rs. 20 lakhs a year and they hope to meet the entire indigenous demand if no handicaps are placed in their way. The soap industry is one of those industries which can be substantially built up in this country and its progress during the last two years has proved to be fairly satisfactory. It is unfortunate, therefore, that just at such a juncture it should be contemplated to reduce the duty on imported toilet soaps from the United Kingdom, while at the same time the Indian industry will be faced with an increase in its manufacturing costs as a result of increase in duty on non-British perfumes.

In this connection, my Committee have also received representations from the Aluminium industry, pointing out the adverse effects to this industry from the Ottawa Agreement.

APPENDIX 24.

Commercial Treaties with Foreign Powers.

(Vide Annual Report for 1931 P. P. 151.)

Letter No. 1833, dated 9th November 1932 from Chamber to the Government of India, Commerce Department.

The Committee of this Chamber have considered your letter of the 13th February, 1932, No. 114 (27) T & E, and have directed me to reply hereby to the same.

It is observed in your letter that "no fundamental change has taken place in the position as stated in this Department

letter to your Chamber, No. 114 (7) T & E, dated 25th November 1929". My Committee beg to submit that, leaving alone other important factors which justified the contention of my Committee and repeated requests for previous consultation of bodies representing commercial opinion, there is now the very important factor of the Trade Agreement which was entered into at Ottawa between the British Government and India. A correct and legitimate procedure is now proposed to be followed with regard to this Trade Agreement in that it is to be placed before the Legislature. The Government of India admit that "if the conclusion of a Trade Agreement is recommended as a result of the Conference, any changes in the Tariff which it may involve will be duly placed before the Legislature for its approval. The Government of India have no wish to put any such changes into effect unless the Legislature is satisfied that they are in the interests of India". The Agreement is now coming for final ratification before the Legislative Assembly and it will depend on the Legislature if that Agreement is ratified or not. This Trade Agreement is, in the opinion of my Committee, a Trade Agreement and a bi-lateral Agreement between the British Government and India and there is nothing to distinguish it from the commercial treaties which were entered into between the Government of India and the foreign countries. While, on the one hand, with regard to the latter the contention of the Government was that such treaties could not be, in the very nature of things, placed before the commercial community or the Legislature for their opinion, the Government of India themselves have been emphasising the importance of the Ottawa Agreement on the basis that it would be placed before the Legislature for their sanction. Not only will the Legislature be consulted but the publication of the Agreement simultaneously in England and India implied that an opportunity was given to the commercial community for expressing their views on the same. It must have been noticed that since the time of its publication, Chambers of Commerce

and commercial and other public associations have been expressing their views on one or the other aspect of the question. This is very significant as showing how if the commercial treaties were to be submitted to commercial opinion before they are entered into, useful and vital suggestions would be forthcoming which might be helpful to Government in the negotiation of these treaties. The Ottawa Agreement with its different clauses proposing to regulate the future trade relations between this country and Great Britain has been rightly placed before the Legislature for ratification, and my Committee trust that, in view of these changed circumstances and the acknowledgment of the right of the Legislature to deliberate over and decide upon that Agreement, my Committee will request the Government of India to follow henceforward this procedure.

Now that Government have admitted the utility and justification of the procedure recommended by my Committee on several occasions, they do not think it necessary to quote the instances of countries where the practice of consulting responsible commercial opinion is being followed. They, however, may be allowed to point out that there is a provision under the constitution of the Government of Germany whereby the National Economic Council has to be consulted before making commercial treaties or passing any legislation relating thereto, and the Government of United States of America consult the Senate Committee on Foreign Affairs on such occasions. It is also a practice in Great Britain to consult bodies like the British Federation of Industries and the Association of British Chambers of Commerce and important Chambers in cities like London. My Committee believe that even in Italy there is a Standing Committee of the Italian Parliament which has to consult in such matters organised trade and industries. There may be variations in procedure in different countries according

to local circumstances, but my Committee believe that the principle of previous consultation obtains in many countries.

One argument of the Government of India against the adoption of the suggestion of my Committee is that "time would not permit of consultation with the various bodies representing commercial community during the negotiation of a bi-lateral trade agreement." It may be pointed out that the Treaty of Poland with India was first broached at a meeting of the East India Section of the London Chamber of Commerce some four years back, but the treaty came actually to be signed only last year. Similarly the Treaty of Brazil recently entered into by the Government of India with Brazil was first broached about two or three years before, but it has been signed only recently. This Treaty synchronises with the Ottawa Agreement, and yet, while the latter is placed before the Legislature and the commercial community for their opinion, the former has not been and only its copies are forwarded now to the public for information after it has been signed.

My Committee beg to point out that several important clauses which are found in the commercial treaties of foreign countries with one another, are not to be seen in the Commercial Treaty entered into by India with foreign countries. Thus, the provision that the nationals of all the high contracting parties shall have equal liberty of access and entry, for any reason or object whatever, to the waters and ports of the territories, and the provisions in respect of entry and travel, taxation, carrying on trade and professions, industries, commerce and navigation, are not incorporated in the treaty entered into between India and foreign countries. My Committee strongly suggest that such provisions should be incorporated in all such commercial treaties. It is also a matter of regret that such provisions are not incorporated in the Ottawa Agreement, to which attention has been drawn in the communication addressed by my Committee on the same.

Letter No. 114 (38)—T & E (Tr.), dated 13th January 1933 from Government of India to Chamber.

I am directed to refer to your letter No. 1833, dated the 9th/10th November 1932, on the above subject, in which your Chamber again state the view that commercial bodies in India should be consulted before any commercial treaties are concluded between India and foreign countries. The main arguments now advanced by your Chamber in support of this view are:—

(*i*) That commercial bodies were consulted in connection with the Trade Agreement made at Ottawa between the Government of India and His Majesty's Government in the United Kingdom and that that agreement is not distinguishable from other commercial treaties entered into between India and foreign countries.

(*ii*) That in concluding commercial treaties between India and foreign countries, for example, the recent treaties with Poland and Brazil, the time taken is sometimes so long as to admit of prior consultation with commercial bodies.

2. As regards the first point, I am to observe that the Government of India, in their letter from this Department No. 752 T (4), dated the 6th April 1932 addressed to your Chamber and to other commercial bodies, were at pains to explain in some detail the essential difference between a preferential tariff agreement such as that which was proposed for discussion at Ottawa and the commercial treaty or trade agreement into which the Government of India ordinarily enter in accordance with the policy stated in this Department letter No. 114 (7)- T. & E., dated the 25th November 1929 to your address. The Government of India, as they have already stated, consider it unnecessary to make a special enquiry from

representative commercial bodies before entering into a commercial treaty in which the tariff arrangement consists merely in the exchange of most-favoured-nation treatment.

3. As regards the second point, namely, the time usually available for consideration of the question whether a particular commercial treaty should or should not be concluded, I am to point out that the time elapsing between the making of overtures and the final signature of a treaty does not represent time at the disposal of the Government of India for the consideration of their decision. A considerable period of time is necessarily taken up by consultation with the expert Departments of His Majesty's Government in the United Kingdom, whose advice and assistance it is usually desirable to seek, and in the actual negotiations between the accredited representative of His Majesty's Government and the Foreign Government concerned. The actual decisions of the Government of India have usually to be taken at short notice and communicated with a minimum of delay.

4. As regards the matter to which your Committee refer in the last paragraph of your letter, I am to observe that stipulations relating to the rights of nationals in respect of entry, travel, commerce and navigation, etc., are included in a number of detailed treaties of commerce and navigation concluded between the United Kingdom and foreign countries as, for example, in those specified in the *margin, and in accordance with which Indian nationals are entitled to the benefits conferred by the treaties by virtue of their status as British subjects. The question whether it is necessary or desirable to introduce such matters into any particular commercial agreement is carefully considered whenever proposals for the conclusion of an agreement are under examination.

* Anglo-Polish treaty of November 26, 1923 (Article I).
Anglo-French Convention of February 28, 1882. (Article I).
Anglo-Greek treaty of July 16, 1926. (Article I).

Letter No. 1974, dated 22nd November 1932 from Chamber to the Government of India.

I am directed to acknowledge the receipt of your letter No. 183 (*ii*) T. & E. (Tr.), forwarding copies of the notes which were exchanged concerning a commercial agreement between India and Brazil. It appears that the agreement was considered to have taken effect from the date on which the notes were exchanged, *i. e.* what is usually known as the signing of the agreement. Generally there is an interval between the signing of a treaty and its formal ratification giving effect to it. My Committee would be glad to be informed as to why in this particular instance, the usual practice was departed from and the agreement was given effect to simultaneously with the exchange of notes.

In their letter dated the 9th November, 1932, on the subject of Commercial Treaties, my Committee have expressed their regret that Government had not thought it necessary to consult the Legislature regarding the agreement with Brazil before ratification, although this agreement almost synchronised with the Ottawa Trade Agreement, which is now placed before the Assembly for ratification. They now reiterate their views, which they have sufficiently stressed upon Government, that Commercial Associations ought to have been given an opportunity to express their views on the agreement, before it was ratified, and my Committee very much regret the omission to do so.

Again, the agreement does not contain any provisions about reciprocal facilities to citizens of contracting parties in each other's countries. Such provisions are a common feature in trade agreements entered into between European countries. In their letter of the 9th instant on the subject of Commercial Treaties, my Committee had suggested that provisions regarding rights to enter, travel and residence in each other's territories and to possess property should be incorporated in such

agreements. What is more, my Committee are not aware of any disabilities in respect of these conventional rights in this country, and it is all the more reason that Government should have secured such reciprocal rights to Indians in Brazil. My Committee would much appreciate information as to whether this point met with proper consideration by Government before negotiating the agreement, and if so, whether there were any difficulties in getting such provisions incorporated in the agreement.

My Committee would also like to be informed at whose instance the negotiations for the treaty were deemed necessary and entered into, and whether any calculations regarding the advantages likely to accrue to both the countries under the same were made. If so, they would be glad to be furnished with the summaries of such advantages so that the value of the agreement, and the balance of advantages to India could be judged and properly appreciated.

Letter No. 183(1)—T. & E. (Tr.) dated 2nd February 1933 from Government of India to Chamber.

With reference to your letter No. 1974, dated the 22nd November 1932, I am directed to invite the attention of your Chamber to this Department's letter No. 114 (38)—T. & E. (Tr.), dated the 13th January 1933, in which the views of the Government of India have already been conveyed to you on the general question of consulting commercial bodies before any commercial treaties are concluded between India and foreign countries. As regards the specific questions raised by you in connection with the commercial agreement between India and Brazil, I am to explain the position as follows for the information of your Chamber.

2. No treaty has been made between India and Brazil, but a commercial agreement has been made between the two countries by means of an exchange of notes, for which

no ratification is required. The procedure followed in this case constitutes no departure from practice.

3. The sole object in entering into this simple agreement was to safeguard India's export trade to Brazil in the new circumstances created by a decision of the Government of Brazil to introduce general and minimum rates into the customs tariff of that country. The lower rates in that tariff were to be applicable only to the goods of countries which guaranteed, by means of commercial agreements, to apply their minimum tariffs to Brazilian goods. As goods of Brazilian origin already received complete and unconditional most-favoured-foreign-nation treatment on importation into India, it was clearly in the interests of India's export trade with Brazil, which is considerable, that a formal agreement should be concluded between the two countries with the least possible delay in order to secure the application of the Brazilian minimum tariff to Indian goods, and action was taken accordingly. No question other than the treatment of goods for tariff purposes arose for consideration in connection with the agreement.

APPENDIX 25.

Imports of Cocoanut Oil from Ceylon.

Letter No. 1333, dated 30th August 1932 from Chamber to the Government of India, Commerce Department.

The attention of my Committee has been drawn to the enormous increase in the imports of cocoanut oil from Ceylon. Taking the first six months of the year, they find that, whereas in 1930 and 1931 the total imports of oil amounted to 130, 241 and 686, 865 gallons respectively, for the same period this year the imports went up to as high a figure as 3,035,516 gallons. This phenomenal increase may be attributed to the following circumstances:—

(*a*) Disparity in price between the Indian oil and the imported oil.

(*b*) The shortage of copra crop in India.

(*c*) The disparity in the relative market values and tariff values of copra and oil, which makes it possible for Ceylon oil to compete favourably with indigenous oil.

The importance to the country of the oil milling industry has been acknowledged and the cocoanut oil industy should not be allowed to go to the wall on account of this competition from Ceylon. India can produce all the cocoanut oil she needs without resorting to imports, and it should be the aim of Government to develop this industry and make India self-supporting in the matter of her requirements of cocoanut oil. Assistance to this end can be afforded in the following directions :—

1. The import duty on cocoanut oil may by increased.
2. Some concession in regard to the imports of the raw material, *viz.*, copra, may be granted. In 1929, the Chamber had recommended the abolition of the import duty on copra. They would now urge that Government should at least reduce the rate of duty so that the industry may not be handicapped by the shortage in its raw material as at present.
3. The tariff values on copra and oil may be so fixed from time to time as to keep the parity with the market values for the same in the country.

My Committee urge that Government would kindly examine their above suggestions, and take such immediate action, as would afford the industry sufficient protection to withstand the competition from the imported product.

APPENDIX 26.

Handicaps on the Imports of Indian Magnesium Chloride to France.

Letter No. 1162, dated 8th August 1932 from Chamber to the Government of India, Commerce Department.

The attention of my Committee has been drawn to the existence of certain handicaps on the imports of Indian magnesium chloride into France. The chief competitor of the Indian product in the French market is magnesium chloride from Germany, which enjoys the preference shown below, to the prejudice of the Indian product :—

	Duty on Indian product. (per 100 Kilos.)	Duty on German product. (per 100 Kilos.)
	Frs.60·00	Frs.15·00
Exchange counter-vailing duty.	15%	Nil.

This handicap of tariff discrimination against the Indian product stands very much in the way of developing the market for Indian magnesium chloride in that country. My Committee are not aware of any instance in which imports from France are singled out for any discriminatory tariff in India, and it is for Government to examine whether the action of the French Government in this regard does not contravene any of the arrangements entered into for *most favoured nation treatment* for Indian goods in France.

My Committee hope that Government will give this matter their early attention.

Letter No. 413-T (17), dated 3rd January 1933 from Government of India to Chamber.

I am directed to refer to your letter No. 1162, dated the 8th August 1932, on the above subject, and to state for your

information that the French import tariff provides two rates of duty, the minimum and the general, on magnesium chloride. Under the Franco German Commercial Agreement of *1927*, imports into France of magnesium chloride of German origin enjoy the minimum rate of 15 Francs per 100 Kilos while those of Indian origin pay the general rate of 60 Francs per 100 Kilos *plus* an exchange compensation surtax of 15 % *ad valorem*. In addition imports from either country are chargeable with an "import tax" of 4 % levied on value plus duty.

2. The trade between India and France is governed by a Convention dated the *19th February 1903*, but under this only a few articles of Indian produce, which do not include magnesium chloride, enjoy on importation into France the benefit of the lowest customs duties applicable to similar products of any other foreign origin. The Government of India are of opinion therefore, that the action of the French Government in admitting the German product at a lower rate than the Indian does not contravene the terms of the Trade Convention with India.

APPENDIX 27.

Income-Tax on Interest Paid on Deposits.

Letter No. 1895, dated 16th November 1932 from Chamber to Central Board of Revenues.

The Committee of this Chamber have received a representation from some of their member-firms, that of late Income-tax Officers have been questioning the allowance as a revenue charge of interest on fixed deposits with firms and companies, and have been stating that, unless the firm or company produces the addresses of depositors, they would not allow deduction from revenue of interest paid to depositors. My Committee may be allowed to point out that deposits are usually placed with companies or firms by depositors in person or through brokers, and that as a general rule it is not the

practice of companies to record the addresses of depositors. Interest and deposit money is paid on receipt of the Deposit Receipt duly discharged. All such payments, it may be mentioned, are duly audited, and in the opinion of my Committee, therefore, the questioning of such payments by Income-tax Officers is not justified.

Such enquiries by Income-tax Officers are likely to frighten away the depositors, who naturally want all this information being treated as confidential. Looking to the very defective condition of Indian Banking, the part played by these deposits with companies or firms, or even individual businessmen is very important, and it would be a very retrograde and adverse step, if such deposits are diverted because of the procedure followed by Income-tax Officers, and the very slender finance available to trade and industry is further circumscribed.

Under the circumstances, my Committee request the Central Board to be pleased to issue instructions to put an end to such a procedure.

Letter No. D. A. Dis. 1009-I. T., dated 22nd November 1932 from Central Board of Revenue to Chamber.

In reply to your letter quoted above, I am directed to say that an Income-tax Officer has full discretion to require the production of such evidence as he thinks fit by an assessee in order to substantiate a claim that any particular item of expenditure should be allowed in computing such assessee's income. In the absence of very strong grounds for supposing that Income-tax Officers are in the habit of misusing that discretion in regard to the class of payments to which you refer, the Board is not prepared to fetter this discretion in any way. In fact, the Board doubts whether it would be possible to issue any general instructions on such a subject, since so much must depend on the circumstances of each case.

2. If the auditors are furnished with any proofs that such payments are genuine, there appears to be no reason why such

proofs should not be furnished to the Income-tax Department also. If the auditors are not furnished with such proofs it does not appear to the Board that their "audit" of such payments can have any practical value whatever from the point of view of the Income-tax Department.

3. If the Deposit receipts do not at present contain the address of the depositor, the Board would suggest that it would be an improvement to enter such addresses in future.

APPENDIX 28.

Depreciation under Income-tax Rules for Salt Pans etc.

Letter No. 38, dated 12th December 1931 from the Central Board of Revenue to Chamber.

No. 38.—The following draft of a further amendment to the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by Sub-section (1) of Section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by Sub-section (4) of the said Section for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the 1st February 1932. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft Amendment.

In the statement in Rule 8 of the said Rules, under the head "*2. Machinery, Plant or Furniture*" and sub-head "Rates sanctioned for special industries" after item (3) of the entry 'Salt Works' the following shall be inserted, namely :—

"(4) Reservoirs, condensers, salt pans, delivery channels and piers, if constructed of masonry, concrete, cement, asphalt or similar materials.....2½.

NOTE.—Repairs to earth works of the same kind will be allowed as revenue expenditure."

Letter No. 25, dated 7th January 1932 from Chamber to the Central Board of Revenue.

I am directed to acknowledge the receipt of the Income-tax Notification No. 38, dated 12th December, 1931, in connection with amending Rule 8 of the Income-tax Rules, so as to fix the rate of depreciation for Reservoirs, Condensers, Salt Pans, etc., at 2½ per cent.

In the opinion of my Committee, the rate of depreciation proposed is not adequate. The action of salt and brine on materials of construction is strong, and experience shows that it leads to early deterioration of such materials.

My Committee had occasion recently to address Government, in connection with extra depreciation for overtime running. In that connection, they had pointed out various authorities urging the need for adequate depreciation being allowed for the industry.

Fixing the rate of depreciation at 2½ per cent. presupposes a life of something like 40 years for such Reservoirs and Pans, but the actual experience of salt manufacturers shows that heavy repairs and renewals are necessary frequently owing to the corroding and destroying effect of salt on all such materials.

My Committee, therefore, urge that the rate of depreciation proposed is, having regard to the special circumstances of this industry, extremely inadequate, and that it should be raised to 5 per cent.

APPENDIX 29.

Letter No. 13876, dated 9th November 1932 from the Director General of Commercial Intelligence and Statistics to Chamber.

I have the honour to say that the subject of the annual revision of the list of articles to be specified in the Seaborne

Trade returns of British India is now under consideration in this Department and that I shall be glad to receive suggestions regarding any additional items the separate specification of which in the trade returns would, in the opinion of your Chamber appear to be indispensable.

2. In this connection I have to invite your special attention to the retrenchment programme recently undertaken by the Government of India as a result of which it has become necessary to avoid any additional work being thrown on the Customs Houses, as far as possible. As any amplification introduced in the Sea borne trade returns invariably means additional work both in the Customs Houses and in this Department, I would suggest that in formulating proposals in connection with the revision of the list of articles referred to above, endeavour may kindly be made to limit the suggestions to what would be considered the indispensable minimum.

3. I shall be obliged if your suggestions are communicated to this Department as early as possible.

Letter No. 3170, dated 15th December 1932 from Chamber to the Director General.

I am directed to refer to your letter No. 1386-2, dated the 9th November, 1932, and, in reply, to suggest that the following items should be separately mentioned in the Returns :—

1. Healds.
2. Reeds.
3. Cambs.
4. Hand Pumps.
5. Bed-steads.
6. Centrifugal Pumps.

With regard to the first three items, according to the information of my Committee, their imports, in value, run to several lack of rupees, and efforts are being made now to manufacture these goods locally. It will very much help the

indigenous industry, if full particulars about imports of these articles could be made available.

Regarding the other three articles also, an indigenous industry is growing up, and such separate information would be very much useful to the industry.

APPENDIX 30.

Assessment of certain Printing Press Machinery.

Letter No. 1982, dated 22nd November 1932 from Chamber to the Director General of Commercial Intelligence and Statistics.

The attention of my Committee has been drawn to the circumstances under which certain machinery required for a Printing Press such as the Guilletine Cutting Machine, is assessed to duty at 25 per cent. *ad valorem* under Serial No. 100 of the Tariff Schedule. This classification refers to machinery worked by manual or animal labour. Printing and lithographic materials are classified under Serial No. 98 of the Schedule and assessed to duty at 10 per cent. *ad valorem*. The reason for the assessment at the higher rate seems to be, according to Government, that by the addition of certain parts the machines could be made workable by hand. Machines, such as cutting machines, are absolutely essential for a properly equipped Printing Press, and it is inconceivable that although at the time of importation they are equipped to be worked by power, they should be treated as machinery likely to be worked by manual labour and assessed accordingly.

My Committee suggest that in order to obviate this anomaly, Serial No. 98 might be amplified to include machinery required by Printing Presses, such as cutting machines, card-board sheers and card-board cutting machines, so that the rate of duty applicable to them will not be a matter for arbitrary decision by the assessing authority.

Fears were also expressed before my Committee that in the matter of assessment of such articles, not specifically mentioned in the Schedule, the rate of duty might vary from port to port, according to the interpretation of the classification by the Custom authorities in each port. It might, therefore, be suggested to the Central Board of Revenue that decisions about any reference to the board regarding disputes in assessment, should be circulated to all the Collectors of Customs for information and guidance.

My Committee, therefore, request that you will kindly place before the Central Board of Revenue the necessity for amplyfying item No. 98, referred to above, so as to make it clear that such printing equipment should be assessed at 10 per cent., and not at 25 per cent., under machinary to be worked by manual labour.

APPENDIX 31.

Healds and Reeds Industry—Duty on Component Parts.

Letter No. 1260, dated 19th August 1932 from Chamber to the Central Board of Revenue.

The attention of the Committee of this Chamber is drawn several times to the component parts required for a particular industry being charged at a higher rate of Customs Duty than the finished foreign articles with which that industry proposes to compete. This country is still in a backward stage as regards development of Industries and every effort to start the manufacture of articles, which are at present imported, should receive encouragement and support from Government. This was acknowledged by the Government of India themselves, when they issued the following Resolution, embodying their decision to refer to the Tariff Board cases in which the development of certain industries in the country was "hampered by the fact that the duty on the finished article was lower than

the duty on the materials which had to be imported for the manufacture of that particular article."

Resolution No. 38-T. (2), dated 28th March, 1925.

"The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on the finished article is lower than the duty on the materials which have to be imported for the manufacture of that article. A list of such representations is appended to this Resolution. The representations will now be referred to the Tariff Board. It is requested to examine these representations and any others of a similar nature which may be brought to its notice and to make such recommendations, whether general or special, as it thinks fit."

A factory is going to be started in this City to manufacture healds and reeds and for the manufacture of these articles it is found necessary to import certain finished materials, such as reed ribs, reed staples, polished brass reed wire and heald varnish, from foreign countries. The Customs Department charges 25 per cent. on these materials and if such heavy duties are charged it is naturally detrimental to the industry concerned, when the imported healds and reeds are charged only 10 per cent. This question was brought to the notice of the Customs authorities, but unfortunately they have not accepted the request for charging all these component parts at 10 per cent duty and have decided that the rate of duty should be 25 per cent applicable to manufacture of wood under item 92 of the Indian Customs tariff. A copy of the Order passed by the Assistant Collector of Customs, Bombay, is enclosed herewith for ready reference. This question involves, in the opinion of my Committee, a big principle and they, therefore, hope that Government will be pleased that, in the interests of the industrial development, component parts necessary for the manufacture of any article should not be charged at a higher

duty than that on the imported finished product which the industry is manufacturing or proposes to manufacture. It may be contended that these component parts may not be used for the manufacture of such article or product but may be put to any other use in any other industry. It should serve the purpose, if the importer gives an undertaking that the component parts will not be used for any other purposes but will be used only in the manufacture of such article or product.

Letter No. 515 Cus. 32, dated 26th August 1932 from Central Board of Revenue to Chamber.

I am directed to acknowledge receipt of the letter quoted above, and to say that it will be dealt with after the appeal of Messrs. M. C. Ghia & Co., which is pending, has been disposed of by the Board.

Central Board of Revenue.

Simla, the 14th September 1932.

Customs Appeal No. 39 of 1932 of the Central Board of Revenue.

Machinery—Component Parts—Brass Reed Wire—Assessment of.

Read.—Order of the Collector of Customs, Bombay refusing to assess the above goods as component parts of machinery, appeal of the importers, Messrs. M. C. Ghia & Co., Bombay and the records of the case.

Order.—The Central Board of Revenue agrees with the Collector of Customs. Appellants say that they have started a Factory for the manufacture of healds and reeds; and the dispute relates to materials to be used for such manufacture. No. 97/598 of the Tariff specifies "healds" and "reeds" but not materials for their manufacture. So long as that is the law, the latter materials cannot be included under that number of the Tariff.

(Sd.) A. H. LLOYD,
Member, Central Board of Revenue.

APPENDIX 32.

Import Duty on Cotton.

Letter dated 24th May 1932 from Mr. Chunilal B. Mehta to Chamber.

I have to inform you that the Textile Tariff Board has invited information and views of the Indian Central Cotton Committee on the subject of its enquiry which includes the question of import duty on cotton.

The local Sub-Committee of the Indian Central Cotton Committee has appointed a special Sub-Committee to prepare a reply for the Textile Tariff Board. As the question of import duty on cotton is a conflicting one and as there are strong views both for and against the duty, I would like to know from the Committee of our Chamber whether they desire me to express any certain definite views in the matter.

The meeting of the Special Sub-Committee is to be held on the 3rd and 4th June and if any instructions are to be given to me, it should come to me before the abovementioned date.

In the absence of any instructions from the Committee, I will be guided according to my own lights.

Letter No. 682, dated 2nd June 1932 from Chamber to Mr. Chunilal B. Mehta.

Your letter of the 24th May was considered by the Committee at their last meeting. You will remember that the Committee had, at the time of Supplementary Budget of the Government of India last year, opposed the import duty on cotton, and I am directed to inform you that they still adhere to their opposition to this import duty. You may accordingly press this view of the Chamber at the Central Cotton Committee, when the matter is considered there.

APPENDIX 33.

Proposed Town Duty of Re. 1 per Bale on Imported Cotton.

Letter No. 401, dated 1st April 1932 from Chamber to Mr. Vithaldas Kanji, representative of the Chamber on the Municipal Corporation.

As you are aware, the proposal before the Municipal Corporation to levy a Town Duty of Re. 1/- per bale on imported cotton was brought before the Committee of the Chamber and referred to the Import-Export Sub-Committee. The Report of the Sub-Committee, a copy of which is enclosed herewith for your information, was approved by the Committee at their last meeting and, as recommended therein, I am directed to request you to oppose this measure when it comes up before the Corporation for further consideration. You will kindly do the needful in the matter.

APPENDIX 34.

Excise Duty on Spirituous Medicinal Preparations.

Letter No. 1597, dated 29th September 1932 from Chamber to Government of Bombay, Revenue Department.

The attention of my Committee has been drawn to certain disabilities from which the Pharmaceutical Industry in Western India is suffering. The two questions on which they wish to address Government on the present occasion are: —

(1) High rate of excise duty in Bombay on Spirituous Medicinal Preparations.

(2) Want of facilities for transport of such preparations through the Bombay Presidency.

Excise Duty:—Till lately excise duty on spirituous medicinal preparations was charged at a concessional rate of Rs. 5/- per proof gallon, instead of the full duty at the Spirit rate of

Rs. 25/10/-. But by an Order dated 27th June, the Commissioner of Excise, Bombay, removed this concession, and made such spirituous preparations liable to the full duty, on the ground that some such preparations were being used as flavouring agents in the manufacture of aerated waters, in place of essences. This higher duty has naturally had the effect of making the cost of medicines containing higher alcoholic percentage almost prohibitive.

A more serious difficulty which the pharmaceutical industry on this side of the country has to combat with, on account of this increased duty, is in competing with other manufactures in other parts of the country. The two other Presidencies, where such preparations are made on a considerable scale are Bengal and Madras. The excise duty at both these places for medicinal preparations is kept at the concessional rate of Rs. 5/- per proof gallon. Thus in markets, where there are no excise restrictions, the Western India product has to face the competition of the Madras and Bengal products enjoying the advantage of a lower duty; and naturally enough it should be feared that the Western India product would soon be displaced from the up-country markets, if this handicap of a higher duty is not removed.

My Committee, therefore, urge the re-introduction of the concessional rate of duty.

Transport Facilities:—Under the rules in force, spirituous medicinal preparations of the Alembic Chemical Works, Baroda, intended for parts of British India, other than the Presidency of Bombay, will be allowed to pass through the Presidency of Bombay free of duty, if they are covered by a permit of the Government of the province concerned in British India, and, in the case of an Indian State, by a competent British Political Officer of the State. It appears that in many parts of British India, and in some of the Indian States, there are no regulations governing the entry of such preparations, as no restrictions are in force for their imports. Naturally such Presidencies and

States have not thought it necessary to issue import permits, having regard to the fact that such imports are free and unhampered. The Rules of the Bombay Government, referred to above, make transport through the Presidency without paying duty impossible in the absence of a permit. Therefore the Company is obliged to pay duty, simply for their products being allowed to pass through the Presidency, and this naturally puts a handicap on their business in such Presidencies the imports into which are not restricted.

My Committee suggest that this difficulty in the way of the Baroda manufactures could be overcome, if Government accept an export permit from the Government of His Highness the Maharaja of Baroda, and that no permits from the authorities of the importing Presidency or State should be insisted upon.

Letter No. 9704-C|28, dated 7th April 1933 from Government of Bombay to Chamber.

With reference to your letter No. 1957, dated 29th September 1932, I am directed by the Government of Bombay (Transferred Departments) to state that they have carefully considered the points raised therein, but regret that, except in the case of compound tincture of cardamoms, they are unable to restore the reduced rate of duty, *viz.*, Rs. 5/- per proof gallon of spirit, in respect to the spirituous medicinal preparations mentioned in the list accompanying the Circular of the Commissioner of Excise, No. 51-17/32, dated 27th June 1932.

2. As regards the question of transport facilities for the spirituous medicinal preparations of the Alembic Chemical Works Company, Limited, I am to state that the matter is still under the consideration of Government.

Letter No. 1896, dated 16th November 1932 from Chamber to Government of Bombay.

The attention of the Committee of this Chamber has been drawn to a letter dated 1st October, 1932, No. 12501,

addressed by Messrs. Alembic Chemical Works Co., Ltd., to the Government of Bombay, Revenue Department, requesting Government to issue instructions to the Commissioner of Excise, Bombay, to allow them to export by sea from Bombay spirituous preparations manufactured at their works in Baroda for import into various Indian ports, on their obtaining import in bond permits from the Excise authorities of various Provincial Governments and Indian States, and to amend G. R. No. 999 dated 19th January, 1932, so as to enable them to export their spirituous preparations to foreign countries, in view of the establishment of British Bonded Warehouse in Baroda. My Committee have considered this communication and the correspondence which has passed between them and Government. They are of opinion that the case, which the Alembic Chemical Works Co., Ltd., have put up, is a reasonable and fair one based upon valid grounds, and hope that Government will be pleased to accept the same. Such trade facilities, if given to this concern, will go a great way to enable them to meet the demands from various Indian ports and foreign countries, and thus to help this concern which is a pioneer concern for manufacturing chemicals and pharmaceutical preparations.

APPENDIX 35.

Stamp Duties under the future Constitution.

Letter No. 9649, dated 26th July 1932 from the Government of Bombay, Finance Department to Chamber.

I am directed to forward herewith a copy of a Resolution of the Government of Bombay No. 9649, dated 26th July 1932, with its accompaniment.

Letter No. 5, Stamps 132, dated 13th June 1932 from the Government of India, Finance Department to all Local Governments.

I am directed to address the Local Government on the question of the reservation for central or federal legislation of the subject of stamp duties on certain classes of instruments, a

question which was referred to in paragraph 30 of the report of the Federal Finance Committee.

2. Under the existing Devolution Rules, the list of Provincial subjects includes "non-judicial stamps subject to legislation by the Indian Legislature." The Federal Finance Committee, after recommending that all stamp duties should be Provincial sources of revenue, propose that control of legislation by the Indian Legislature should be retained, not, as at present, with reference to all stamps, but with reference to a list of stamps which are at present reserved in practice for Central legislation together with any additions that may be made to that list before the establishment of the Federation. The list was communicated to the Local Governments in letter No. 902, dated the 17th February 1922, from the Government of India in the Department of Commerce, the instruments being :— acknowledgments, bills of exchange, share certificates, cheques, delivery orders in respect of goods, letters of allotments of shares, letters of credit, insurance policies, promissory notes, proxies, receipts and shipping orders.

3. The Government of India note that when the list was drawn up in 1921 the matter had to be dealt with urgently because various Provincial Governments were asking for authority to enhance stamp duties within their jurisdictions, and there was no time to obtain an expression of the opinion of commercial bodies. The present issue is whether the Constitution should contain a certain provision or not, as at that time, how a similar provision which was in the Constitution should be exercised; but the issues are sufficiently closely connected to lead the Government of India to the view that an opportunity should now be given to Local Governments and, through them, to commercial bodies to express their opinion before a final conclusion is reached; and this is the first object of the present reference.

4. One of the considerations which were regarded as having weight in 1921 when the present list was drawn up was that

there was a class of documents, nearly but not exactly agreeing with those in the list, which were allowed to be stamped with unified postage and revenue stamps. The Federal Finance Committee in paragraph 31 of their report themselves refer to difficulties which have arisen in dividing the proceeds of the sale of unified stamps—difficulties which could best be obviated by giving up the use of these instruments and providing separate revenue stamps in the future. Apart from this, the Government of India are inclined to think that a matter of policy which is to affect the framing of a Constitution should not be influenced by a relatively minor consideration such as convenience in making a division of the proceeds of the sale of unified stamps. The only arguments that should now be taken into account should be arguments relating to inconvenience that might be caused to commercial and other interests, if stamp duties were different in the various Provinces.

5. The Government of India are themselves provisionally of the opinion that there are no very strong arguments for the retention in the proposed new Constitution of a list of instruments reserved for Central legislation. The opposite view may, however, ultimately be adopted, and the Government of India would be grateful if Local Governments, even though they may agree with the provisional view of the Government of India, would say whether in their opinion there are any other instruments that should be included in the list of reserved instruments, should such a list be maintained.

6. To the provisional view of the Government of India, as just stated, an exception should possibly be made in respect of cheques (at present free from duty.) It is true that a solution could be found without great difficulty for certain objections that arise at first sight. Any doubt as to the liability of cheques dealt with in more Provinces than one (for example, a cheque drawn by a depositor in one Province on a bank in a second Province in favour of a payee in a third) could be remov-

ed by an understanding that the stamp duty on a cheque should be paid at the rate, if any, in force in the Province in which the bank or other drawee is situated. If it is argued that this rule might lead people to keep their accounts with banks in Provinces where there was no stamp duty or a lower stamp duty than that in force in their own territory, the answer seems to be that this would rarely be possible without inconvenience and avoidable expense on commission for the transfer of funds, and that even if it did happen, the loser would be the Province that levied a high rate of stamp duty so that the remedy would lie in its own hands. Up to this point, the Government of India feel that the general objections to taxes imposed by the Federal Government for the benefit of the Provinces might well outweigh any disadvantage from having different laws as to the stamping of cheques in different Provinces. But this attitude can perhaps only be maintained on the understanding that whatever the variations from Province to Province the duty will in all Provinces be kept at a low figure. Otherwise, the freedom of the Provinces in the matter would be subject to an objection less superficial than those already mentioned, namely, that a high duty, where imposed, would be a serious deterrent to the growth of the banking habit, and the growth of that habit may well be regarded as an objective of all India importance. I am directed to enquire particularly whether the Local Government see such force in this point as to make it desirable that the Constitution should impose some control over the Local Governments so as to prevent such an untoward result. If the point has force, it may be suggested that a power vested in the Federal Government to restrain Local Governments from raising the duty above such figure as might be held to be reasonable would not be preferable to a provision that the stamp duty on cheques should be actually reserved for Central legislation.

7. The subject dealt with in the preceding paragraph has immediate importance apart from the examination of the pro-

posal dealt with in the Federal Finance Committee's Report. The Governments of the four Provinces which, before the abolition of this duty, enjoyed the largest revenue from it have expressed themselves in favour of the re-introduction of the stamp duty. If the conclusion is that this particular duty should be reserved in future for Central legislation, then it will be necessary now also for the Government of India to consider whether the views of certain other Local Governments should be overruled and the duty reimposed by All-India legislation; if on the other hand, the conclusion is that Central control will not be necessary in future, then it can be withdrawn at once and existing Local Legislatures given a free hand to reintroduce the duty or not, as they may prefer.

8. The questions, then, upon which I am directed to ask for the views of the Local Governments and, through them, of commercial organizations, may be briefly recapitulated in the following terms:—

(1) Should a list of stamp duties reserved for central legislation be maintained in the new Constitution?

(2) If the answer to (1) is in the affirmative, should any additions be made to the existing list?

(3) If the answer to (1) is in the negative, should an exception be made in the case of cheques?

(4) If the answer to (1) is in the negative, and to (3) is in the affirmative, how should the Central control over the duty on cheques be exercised, *i. e.*, by reserving legislation itself or by reserving to the Central Government a mere power of veto?

Letter No. 1456, dated 10th September 1932 from Chamber to Government of Bombay, Finance Department.

I am directed to forward hereby the views of the Committee of this Chamber with reference to your letter No. 9649, dated 26th July, 1932.

With regard to the question put in for the opinion of the Chamber, my Committee are of opinion, that it is very essential to keep the Schedule, at present in vogue, alive, and to reserve to the Central Legislature the power of legislation for All-India purposes in the matter not only of these instruments, but also of any other instrument relating to Commerce for which the question may arise in future. My Committee are very definitely of opinion that it is not desirable to have diversity in the matter of stamp duties on any instruments that pertain to Commerce, as such diversities are calculated to create confusion, and may even result in uneconomic displacement of trade in extreme cases.

With regard to the question of duty on cheques, my Committee have in the past urged its abolition for grounds which remain equally valid to-day. They deprecate any question of the revival of such duty, and they emphatically feel that no temptation should be held out to the Provincial Governments in respect of realising the proceeds of the duty on cheques. To this end the whole question, both of financial proceeds and of legislation, with regard to the duty on cheques, as on all commercial instruments referred to above, should be reserved as a Central subject.

III. TRADE, INDUSTRIAL AND LABOUR LEGISLATION.

APPENDIX 36.

Extension of the Life of the Bombay Cotton Contracts Act.

Letter No. 7745-D, dated 9th January 1932 from the Government of Bombay, Finance Department to Chamber.

I am directed to forward herewith a copy of letter No. 2165/A/11, dated 23rd/28th December 1931 received from the Vice President, East India Cotton Association, Limited, Bombay,

and to enquire whether, in the opinion of your Chamber, the Bombay Cotton Contracts Act, 1922, should be continued.

Letter No. 2165/4/11, dated 28th December 1931 from the East India Cotton Association to Government of Bombay.

I have the honour on behalf of this Association to invite a reference to Section 1 (2) of the above Act and also to Notification No. 7745-D dated 14th March 1931 by virtue of which the Governor-in-Council was pleased to direct that the said Act shall remain in force for a further period up to and including the 31st day of August 1932.

I am to say that owing to circumstances beyond the control of this Association Bill No. XX of 1931 to provide for the regulation and control of transactions in cotton in Bombay which was introduced by the Government in the July Session of the Bombay Legislative Council has had to be withdrawn owing to the non-acceptance of the main principle underlying the Bill of a single controlling authority in the Cotton Trade. An *ad hoc* Committee of a few representative persons in the trade was formed and subsequently recognised by this Association for the purpose of considering the situation that has arisen in the control of the Cotton Trade of Bombay by reason of the withdrawal of the Bill. This Committee was asked to give the widest possible consideration to all means necessary to place the control of the trade under one single controlling authority and to secure, if possible, legislation to this effect and also to advise generally what course the trade may adopt if legislation on the lines hitherto desired by the trade is not feasible.

The Committee have very carefully considered the question of re-introducing legislation in the form of a revised Bill without affecting, in the least, the main principle which was enunciated in terms of Section 6, Clauses 1 and 2 of Bill No. XX of 1931. With this end in view, they have appointed a Sub-Committee to prepare draft of a revised Bill in the light of the suggestions for revising the provisions of the same which the individual members of the Committee have been asked to put forward. It is quite obvious that

this procedure would naturally involve considerable time and labour and the Committee would not be in a position to submit its final report and also the draft of the revised Bill to the Board of Directors for their final consideration before the end of February, or perhaps, March next. In the meanwhile, the Committee has made a unanimous recommendation to my Board that an immediate representation be made to the Government, requesting them to take necessary steps for extending the life of Act No. XIV of 1922 upto the *31st day of August 1933* in order to cover forward transactions in cotton for the season 1932-33.

The Board of Directors of this Association fully endorse this recommendation of the Committee as they consider that the prospects of the introduction and the passing of a new Bill into law in the Bombay Legislative Council, either by a non-official member or by the Government during the coming February-March Session of the Council, are very remote as they are aware that certain legislative formalities have to be gone through before the Bill could be published and circulated to the members of the Legislative Council and subsequently introduced as a private or Government measure. My Board understand that the Bombay Legislative Council would be preoccupied with the discussion and consideration of a large number of outstanding matters of vital importance and urgency to the Presidency and that it would not be feasible, under any circumstances, to have the Bill introduced at the next Session of the Council.

I have to invite your attention to the fact that under the Bye-laws of this Association, trading in New Crops must be permitted each year from 1st May, but it is permissible for my Board to sanction trading therein in any year from 1st April, with the approval of the Representative Committee. In view of the circumstances mentioned in the preceding paragraph, assuming that trading would be permitted in New Crops (1932-33) from 1st May 1932, subject to the Bye-laws of this Association, the protection given to such trading by the Bye-laws framed under the Act would last only upto 31st August 1932.

My Board, therefore, apprehend that the position of contracts entered into before that date, *i. e.*, 31st August 1932, subject to the provisions of the Bye-laws framed under the Authority of Act No. XIV of 1922 would become anomalous after 31st August 1932, in the event of the Act not being extended upto 31st August 1933. In order, therefore, to cover the period intervening between the expiry of the old Act in August 1932 and the enactment of a new Act, so that transactions in cotton that may have been entered into prior to 31st August 1932 would continue to be governed by the Bye-laws framed under the Act, it would be both desirable and necessary in the interests of the Cotton Trade as a whole, that the life of the Act should be extended upto 31st August 1933.

I have, therefore, the honour to request that the Governor-in-Council may be pleased to further extend the life of the *Act upto 31st August 1933* in order that trading in next year's New Crops may not be disorganised.

Letter No. 106, dated 27th January 1932 from Chamber to the Government of Bombay.

With reference to your letter No. 7745-W, of the 9th instant, my Committee strongly support the suggestion of the East India Cotton Association, that the life of the Cotton Contracts Act should be extended. At the same time, they would reiterate that Government should at an early date take steps to see that at the expiry of the extended period a new Act on the lines of the recommendations of the Cotton Contracts Act Committee is enacted.

APPENDIX 37.

Cotton Contracts Bill.

Letter No. Nil, dated 18th July 1932 from Government of Bombay, Finance Department to Chamber.

Your Chamber is aware that trading in the Bombay cotton market has for a long time past been very irregular and the

operations of many dealers have been persistently obstructed and interfered with. Government realise that world factors have aggravated the situation; but after consulting all sections of the trade they are satisfied that the regulation of the Bombay cotton market has been serious defective. And they consider it necessary that, in case the present disorganisation of the market should continue or recur, they should be empowered to interfere and improve that regulation in such a way as to secure free trading in the market and to minimise outside interference. They are moved to take this step, partly in the interests of a number of *bonafide* traders and dealers in Bombay who are anxious to trade in the normal way and have been prevented from doing so, but particularly in order that the growers of cotton throughout India may obtain the best possible prices for their produce, for which purpose free and regular trading in the Bombay market is essential.

2. The Cotton Contracts Act of 1922 will, unless its life is extended, expire at the end of August next. Government propose to present to the Legislative Council when it meets in September a bill of which a copy is attached. And they will extend the operation of the present Act for a sufficient time to bring the new bill, if passed into law, into operation.

3. I am to explain further that as a basis for continuing the recognition of the East India Cotton Association, or of recognising any other association in its place, Government will require that it shall own and be in sole control of its markets and that it shall have three representatives of the growers of cotton on its board of directors.

4. I am to request that you will furnish Government with the views of your Chamber on the attached bill read with the preceding paragraph of this letter. In order that there may be adequate time for consideration of your reply and for the usual preliminaries to legislation, I am to request that your reply may be sent as early as possible. If no reply has been received by the 8th August, it will be assumed that your Chamber desires to offer no remarks.

A Bill to provide for the better Regulation and control of transactions in Cotton in Bombay.

Whereas it is expedient to provide for the better regulation and control of transactions in cotton; it is hereby enacted as follows:—

Short Title.

1. This Act may be called the Bombay Cotton Contracts Act, 193 .

Extent and Operation.

2. (*1*). This Act shall apply to the City of Bombay and the Island of Salsette.

(*2*) It shall come into operation on such date as the Governor in-Council may, by notification in the *Bombay Government Gazette*, direct.

Definitions.

3. In this Act, unless there is anything repugnant in the subject or context.

(*a*) "Bombay" means the City of Bombay and the Island of Salsette;

(*b*) "Board of Control" means a board appointed for the time being by the Governor-in-Council as provided in Section 9;

(*c*) "Board of Directors" means a board of directors of a recognised cotton association constituted under Section 5 and acting through at least a quorum of their members at a meeting of that board duly called and constituted;

(*d*) "Certified Godown" means a godown maintained by a cotton association for storing cotton certified under the bye-laws of the association;

(*e*) "Contract" means a transaction in cotton entered into or to be carried out in whole or in part in Bombay except such as the Governor-in-Council may, by

notification in the Bombay Government Gazette, declare to be excluded from the provisions of this Act;

(*f*) "Cotton Association" means any association, organisation or a body of individuals, whether incorporated or not, established or formed for the purpose of regulating and controlling business in the sale, purchase or other transactions in cotton;

(*g*) "Forward Contract" means a contract for the delivery of cotton at some future date;

(*h*) "Option in Cotton" means a contract entered into or to be carried out in whole or in part in Bombay for the purchase or sale of a right to buy, or a right to sell, or a right to buy or sell cotton in future, and includes a *teji* a *mandi* or a teji-mandi in cotton;

(*i*) "Ready Contract" means a contract made or to be carried out in Bombay in which immediate delivery is contemplated;

(*j*) "Recognised Cotton Association" means a cotton association which is for the time being recognised by the Governor-in-Council, as provided in Section 4.

Recognition.

4. (1) A cotton association desirous of being recognised for the purposes of this Act, shall make an application in writing to the Governor-in-Council for such recognition, and shall submit bye-laws for the regulation and control of transactions in cotton, and furnish such information in regard to such recognition as the Governor-in-Council may from time to time require.

(2) The Governor in-Council may give or refuse such recognition:

Provided that no such recognition shall be given unless the bye-laws submitted by the cotton association under Sub-section (1) shall have been published in the *Bombay Government Gazette* at least one month before the date of such recognition.

(3) The Governor-in-Council may at any time withdraw the recognition given to a cotton association under Sub-section (2), and such cotton association shall thereupon cease to be a recognised cotton association.

(4) It is hereby declared that the East India Association, Limited, is a recognised cotton association for the purposes and subject to the provisions of this Act and the Articles and bye-laws of the said association shall deemed to be bye laws made and published under the provisions of this Act.

Recognised Association to have Board of Directors; power to make bye-laws.

5. (1) Subject to the provisions of Section 9, in every recognised cotton association there shall be a Board of Directors. Subject to the sanction of the Governor in-Council, a recognised cotton association may make and may from time to time add to, vary or rescind bye-laws providing for:—

(a) the constitution of the Board of Directors,

(b) the powers and duties of the Board of Directors and the manner in which its business shall be conducted,

(c) the number and constitution of electoral panels and the representation upon such panels, and

(d) the method of appointment of members to the Board of Directors.

(2) Bye-laws made, added to, varied or rescinded under Sub-Section (1) shall be laid upon the table of the Bombay Legislative Council at the session of the said Council next following:—

Power of Board of Directors to make Bye-laws.

6. (1) The Board of Directors may, subject to the sanction of the Governor-in-Council, make and, from time to time, add to, vary or rescind bye-laws for the regulation and control of transactions in cotton.

(2) In particular and without prejudice to the generality of the foregoing provision, such bye-laws may provide for :—

(*a*) the admission of various classes of members of a recognised cotton association and the exclusion, suspension, expulsion and re-admission of such members;

(*b*) a clearing house for the periodical settlement of contracts or differences thereunder and for the passing on of delivery orders and for any purpose in connection with options in cotton, and the regulation and maintenance of such clearing house;

(*c*) the number and classes of contracts in respect of which settlements shall be made or differences paid through the clearing house;

(*d*) fixing, altering or postponing settling days;

(*e*) determining and declaring the market rates for cotton of any and every description;

(*f*) the terms, conditions and incidents of contracts and the forms of such contracts as are in writing;

(*g*) regulating the making, performance and cancellation of contracts, including contracts between a commission agent and his constituent, or between a broker and his constituent, or between a jethawala or muccadum and his constituent, or between a member and a non-member of a recognised cotton association, and the consequences of insolvency on the part of a seller or buyer or intermediary. the consequences of a breach or omission by a seller or buyer and the responsibility of commission agents, muccadums and brokers not parties to such contracts;

(*h*) the prohibition of specified classes or types of dealings in cotton by a member of a recognised cotton association;

(*i*) the settlement of claims and disputes by arbitration and appeals against awards;

(*j*) the levy and recovery of subscriptions, fees, fines and penalties;

(*k*) disciplinary measures against members of a recognised cotton association, including suspension, expulsion, fines and non-monetary penalties, for breach of any bye-law made by the Board of Directors;

(*l*) regulating the course of business between parties to contracts in any capacity;

(*m*) the institution, maintenance and control of certified godowns; and

(*n*) regulating the making, performance and cancellation of options in cotton.

(3) If any person committing a breach of any bye-law made by the Board of Directors is a company, every director and officer of such company shall also be deemed to have committed such breach, unless he proves that the breach was committed without his knowledge and control.

Publication of Bye-laws.

7. Bye-laws made under Section 5 or 6 shall be subject to the condition of previous publication and, when sanctioned by the Governor-in-Council, shall be published in the *Bombay Government Gazette*.

Void Contracts.

8. (1) Save as hereinafter provided in this Act, any contract (whether either party thereto is a member of a recognised cotton association or not) which is entered into after the date on which this Act comes into operation and which is not in accordance with the bye-laws of any recognised cotton association, shall be void.

(2) No claim shall be allowed in any court for the recovery of any commission, brokerage, fee or reward in respect of any such contract.

Supersession of Board of Directors and appointment of Board of Control, its powers and duties.

9. (1) When the Governor-in-Council is of the opinion that it is necessary, in order to secure free trading in the market and to prevent obstruction thereto and interference therewith, to supersede any Board of Directors, the Governor-in-Council may, by notification in the *Bombay Government*

Gazette, declare such Board to be superseded and may appoint in the place of such Board such persons as he thinks fit to constitute a Board of Control and may appoint one of their number to be Chairman.

(2) When the Governor-in-Council has appointed a Board of Control under the provisions of Sub-section (1), the members of the Board of Directors which has been superseded shall, from the date of the notification, vacate their office as such members.

(3) The Board of Control appointed under Sub-section (1) shall hold office for such period as the Governor-in-Council may, by notification in the *Bombay Government Gazette*, appoint.

(4) When a Board of Control has been appointed under Sub-section (1), the Governor-in-Council may make bye-laws to be published in the *Bombay Government Gazette* prescribing the powers and duties of a Board of Control and the manner in which its business shall be conducted.

(5) The Board of Control appointed under Sub-section (1) may, subject to the provisions of Sub section (4), exercise all or any of the powers vested in or exercisable by the Board of Directors which it superseded.

(6) Notwithstanding anything contained in the bye-laws of the recognised cotton association, a Board of Control may, subject to the previous sanction of the Governor-in-Council rescind, add to or vary the bye-laws of the said Association and may, subject to a like sanction, make all or any such bye-laws as may be made by the Board of Directors under the provisions of Section 6 and which, in the opinion of the Board of Control, may be necessary for carrying out the purposes of this Act: and all or any such bye-laws shall be deemed bye-laws of the recognised cotton association.

(7) When a Board of Control has been appointed under Sub-section (1) all such property of the recognised cotton association as such Board may by order in writing declare to be necessary for carrying out the purposes of this Act shall vest in such Board.

(8) On the determination of the period of office of the Board of Control appointed under Sub-section (1), the recognised cotton association shall constitute a Board of Directors in accordance with the bye-laws of the association and the property vested in the Board of Control or which such Board may have acquired shall revest or vest as the case may be in the recognised cotton association.

Prohibition of certain Contracts after the appointment of the Board of Control.

10. (1) When a Board of Control has been appointed under Section 9, the Governor-in-Council may, by notification published in the *Bombay Government Gazette*, declare that after the date appointed in the said notification, any forward or ready contract entered into except by or through the agency of a member of a recognised cotton association shall be void.

(2) No court shall entertain any suit or proceeding relating to any contract declared to be void under the provisions of Sub-section (1) and no claim shall be allowed in any court for the recovery of any commission, brokerage, fee or reward in respect of such contract.

(3) Any person entering into such contract shall, on conviction, be liable to a fine not exceeding Rs. 1,000 for such offence.

Bar of Suits and proceedings against Officers, etc.

11. No suit, prosecution or other legal proceedings whatsoever shall be entertained in any court against any officer or servant of a recognised cotton association or Board of Control for anything in good faith done or intended to be done in pursuance or execution of this Act or bye-laws made thereunder.

Savings.

Bom. XIV of 1922.

12. (1) Contracts entered into under the provisions of the Bombay Cotton Contracts Act, 1922, shall be deemed to be valid, except in so far as they may be inconsistent with any of the provisions of this Act and bye-laws made thereunder.

(2) Forward contracts entered into before the date when this Act comes into operation and which are otherwise valid, shall

not be deemed to be invalid merely because they contravene the provisions of Section 8.

Letter No. 1112, dated 3rd August 1932 from Chamber to Government of Bombay.

I am directed to acknowledge the receipt of your letter of the 18th July, 1932, inviting the views of my Committee on the above Bill, and, in reply, to say as under :—

My Committee, while leaving the details to be dealt with by the trade itself, are of opinion that the power to control the trade should be vested only in one properly constituted Association for the same, and that on no account interference from any other body should be allowed.

As regards Sections 9 and onwards, which relate to the imposition of a nominated Board by Government, to supersede the Board of the East India Cotton Association, Ltd., when Government think it advisable, my Committee feel that such intervention in trade by Government is alarming at any stage, and is, therefore strongly to be deprecated.

APPENDIX 38.

Licensing of Cotton Ginning and Pressing Factories.

Letter No. 3450, dated 9th March 1933 from the Indian Central Cotton Committee to Chamber.

The working of the Cotton Ginning and Pressing Factories Act recently received a certain amount of criticism, which mostly emanated from two bodies of the trade in Bombay. When the subject came before the last meeting of my Committee in December, there seemed to be a general feeling that much of the adverse criticism would disappear if the Act were tightened up and this could best be done by the system of licensing of all ginneries and presses working in British India.

It will be seen from the short history of the case which I attach that the Central Cotton Committee has all along been in

favour of licensing, and that it included in its draft bill a clause to this effect which was however omitted by the Government of India, because it was feared its retention would endanger the passing of the Bill. The question of licensing, it was then decided, could be taken up later if it was found necessary. Since the passing of the Act in 1925 to the present day, every possible avenue has been explored by this Committee to find a means of checking the mixing of different varieties of cotton especially in the Punjab but the Act at present has and can have no effect on this malpractice and the licensing of factories would appear to be the only cure for this as well as for other evils unfortunately so common in India.

At a recent meeting, one of my Sub-Committees decided that the considered views of the Trade Associations represented on the Central Cotton Committee should be obtained to help it in coming to a decision and I have the honour therefore to request you to place this letter before your Chamber and favour me with their views. My Committee is aware that the time may be inopportune to ask for fresh legislation owing to the impending political changes in India, but it feels that the earliest opportunity should be taken to recommend measures which have as their object the protection of the cotton cultivator from losses caused by a small section of the trade.

The Licensing and Inspection of Cotton Ginning and Pressing Factories.

The Indian Cotton Committee of 1919, in considering the numerous malpractices which were damaging the reputation of Indian cottons passed, among others, the following resolutions:—

> "All ginning and pressing factories should be licensed, a preliminary to the issue of licenses being the assignment to all factories of distinctive numbers and marks which would enable the cotton dealt with in them to be traced."

> "Licenses should only be granted on certain conditions and should be withdrawn for breach of those conditions and

on proof of such malpractices as damping, mixing and adulteration."

"All ginning and pressing factories should be brought under the operation of the Factory Act and required to take out licenses irrespective of the number of hands employed."

"Licenses should be withdrawn by the Local Government on the recommendation of the Central Committee, after the procedure* laid down has been followed."

"Suitable penalties should be imposed in the case of factories working without taking out a license or after a license has been withdrawn."

The conditions upon which licenses should be granted are fully stated in paragraph 225 of the Report of the Indian Cotton Committee (1919) and need not be recapitulated in this note.

The Indian Central Cotton Committee, which was formed as a result of a recommendation of the Indian Cotton Committee, considered the subject of the licensing of gins and presses at their first meeting (July 19th, 1921). A lengthy discussion took place from which it was obvious that the general opinion of the meeting was decidedly in favour of the licensing proposals. This support was chiefly based upon the necessity for checking the abuses and malpractices which, to common knowledge, were rampant in gins and presses and which were adversely affecting the reputation of Indian cottons. Objections to the proposal were mainly directed against details in the scheme put forward by the Indian Cotton Committee but it was pointed out that, if the decision to introduce licensing was arrived at, it would be quite possible to exclude such conditions as appeared objectionable to certain sections of the trade. The scheme for licensing gins and presses would provide the trade with a weapon with which it could protect itself against abuses which were the ground for common complaint.

* Paragraph 229. Report of the Indian Cotton Committee (1919).

It is interesting to note that the representatives of Hyderabad and Baroda States were strongly in favour of the licensing proposals.

Finally a strong Sub-Committee, under the Chairmanship of Mr. H. A. F. Lindsay, was appointed to consider the general principle of licensing gins and presses and to consider any alternative means of dealing with abuses. The Sub-Committee were also asked to consider the safeguards necessary, if legislative control was decided upon.

The Sub-Committee reported to the full Committee on the 20th July 1921. They agreed that the proper marking of bales at the press was essential, that press records should be maintained which would enable the ownership of every bale to be established and that statistical returns should be compulsory. They were not in favour of standard plans for new presses but considered that steps should be taken to ensure, if necessary by legislation, that in all new ginning factories separate exits and entrances should be provided and other certain minimum requirements provided for. Plans should be submitted for approval to Provincial Cotton Committees or Provincial Agricultural Departments. The Sub-Committee considered in detail the different conditions proposed by the Indian Cotton Committee (paragraph 225 of the Report) and gave their opinion on each of those. The Central Cotton Committee, after discussing the report of the Sub-Committee, passed the following resolution :—

> "The Central Cotton Committee consider that an All-India Act should be passed by the Central Legislature empowering Local Governments to frame Rules with a view to giving effect to all or any of the above recommendations. The principal Act should enforce the marking of bales and the maintenance of proper press records and the furnishing of statistical returns."

No resolution was passed on the primary question of the licensing of gins and presses as the Sub-Committee confined their discussion and report to the different conditions proposed by the Indian

Cotton Committee for gin licenses with a view to coming to conclusions as regards general principles before discussing the machinery required.

At the third meeting of the Indian Central Cotton Committee (July 17th and 18th 1922) a discussion on the regulation of gins and presses took place. It was pointed out that the Indian Central Cotton Committee were not prepared, at present, to go further than the resolution based upon the report of the Special Sub-Committee at the first meeting and did not contemplate an All-India licensing system. However there was nothing which might prevent a Local Government from introducing its own licensing system if it deemed it advisable to do so. At a meeting of the Local Sub-Committee held on 7th May 1923 (8th Meeting) the mixing of *desi* and American cotton in the Lower Bari Doab Colony, Punjab, was discussed. It was generally agreed that the licensing of gins and presses offered the only *permanent* solution of this problem and it was decided to obtain the opinions of officials and associations concerned on the adoption of this remedy.

A further discussion on the mixing of Punjab-American cotton took place at the 5th meeting of the Indian Central Cotton Committee (31st May 1923) when the Vice-President in introducing the report of the Local Sub-Committee on the subject, stated that the Sub-Committee felt that the real solution of the problem was in the licensing of gins and presses. It was pointed out in the subsequent discussion, that the penalty of closing a factory, for a whole season, which could be enforced if licensing was introduced, would be most effective in checking the malpractice of mixing. The high reputation of the cotton in Rajpipla State, where the gins had been State-controlled during the past two years, was cited as an example of the benefits resulting from a licensing system. The following resolution was passed unanimously:-

> "That the proceedings and correspondence* be placed before the Punjab Government who should be asked if they

* Letter from the Director of Agriculture, Punjab, and the proceeding of the Lower Bari Doab Agricultural Association not attached.

could suggest any remedy for the mixing of Punjab-American cotton other than the licensing of gins and presses. In view of the fact, that no meeting of the Punjab Provincial Cotton Committee has yet been held we suggest that this matter be referred to them at an early date."

From the above, it appears obvious that the Indian Central Cotton Committee, while fully in agreement with the licensing of gins and presses as a check on malpractices, were not prepared to recommend such a step until all other methods of dealing with the abuse of mixing Punjab-American and *desi* cottons had been thoroughly investigated and tried.

At the 9th and 10th meetings of the Local Sub-Committee (16th July and 13th August 1923) the regulation of gins and presses and, particularly, the rule making power to provide for the paving of press-houses, use of standard weights, separate exits and entrances for *kapas* and certain other minimum requirements in the case of new factories were discussed. The question as to whether the Act should contain an enabling clause to allow Local Governments to introduce a provincial system of licensing of gins and presses was considered. Replies from Local Governments had shown that, whereas some Provinces had definitely asked for this power, other Provinces were not in favour of a licensing system. It was finally decided that a proviso should be introduced that these powers should only be put into force, if approved by the Local Legislative Council.*

Although the Central Cotton Committee did not favour an All-India system of licensing gins and presses, they made it quite clear to the Government of India that each Province should be free to introduce licensing if they found it necessary and practicable. We recommend that the Bill should include an enabling clause to this end.

Replies from Local Governments are not unanimous on this point, but several Governments, notably Punjab and Bombay,

* Extract from Report of Local Sub-Committee.

distinctly favour this proposal, while others consider it unobjectionable. The Madras Government consider that the licensing of gins and presses will be found necessary but, if so, it should be provided for by Central legislation.

The Sub-Committee are of the opinion that the question of licensing gins and presses can best be dealt with on the same lines as was successful in the case of Cotton Transport Act and that the Bill should contain an enabling clause only to be brought into effect with the approval of the Provincial Legislative Council. This course appears to have many advantages. It enables the principal Act to lay down the procedure for licensing (so far as it is possible to do so for All-India) thus enabling the Indian Legislature to see the exact trend of these proposals instead of being asked to give unlimited powers to Provincial Legislatures. No province need bring the system of licensing into force unless it is required and no Province can bring it into force except with the approval of their own Legislative Council.

At the 6th meeting of the Indian Central Cotton Committee the following resolution—amongst others—dealing with the regulation of gins and presses was moved :—

> "The All-India Act should also include an enabling clause empowering Local Governments to introduce a system of licensing ginning and pressing factories. This clause should only be operative if brought into effect by a notification approved by resolution of the Provincial Legislative Council."

The resolution was opposed on the ground that it would interfere with the liberty of the factory owner and the fear was expressed that a large amount of inspection would be involved. On the other hand, it was stated that the Committee did not desire licensing throughout the whole of India and that, under the Bill as drafted by the Local Sub-Committee, the Local Governments could put licensing into force, if they considered it necessary. There was no force in the objection that the notification could be rushed through without due consideration of the interests involved and the

clause providing for reference to the local Legislative Council was an adequate safeguard. The Committee had already decided that an All-India Act to enforce licensing uniformly was not practicable and it was only in certain areas that it might be necessary to license gins and presses as a measure for checking the mixing of cotton which could not be adequately dealt with by other methods. The resolution was carried by a large majority.

The Local Sub-Committee, previous to the 7th meeting of the Indian Central Cotton Committee, (January 28th and 30th 1924) had discussed certain criticisms on the licensing clause regarding licensing of gins and presses which had been recommended for incorporation in the Cotton Ginning and Pressing Factories Act. Their reply to these criticisms formed the subject of a report to the 7th meeting of the Central Cotton Committee. The Local Sub-Committee adhered to their opinion that the actual licensing of gins and presses would be necessary in certain areas, particularly to deal with the evil of cotton mixing which was causing serious economic loss to the growers and to the country as a whole.

The Sub-Committee stated that the offences for which the penalty of suspension of license was intended to apply were not definitely stated in the draft Bill as it was thought that these should be left to Local Governments to deal with in issuing their notifications. However they recommended that the offences for which licenses may be suspended should be as follows :—

(1) The mixing of two or more separate descriptions of Cotton, the mixing of which has been prohibited by the notification under Clause 8.

(2) Fraudulent packing (as defined by the East India Cotton Association.)

(3) Damping cotton by means of water deliberately applied for that purpose prior to pressing when such damping has been conclusively proved.

The Sub-Committee, in their report, also dealt with certain questions of judicial procedure in the matter of suspension of

licenses and the penalties to be enforced for contravention of the Act. They attached the greatest importance to the inclusion of provision for licensing in the Bill and added that in the Sudan the licensing of ginning factories was in force on a considerably more drastic scale than had been proposed in India.

The report of the Sub-Committee was adopted at the 7th meeting of the Indian Central Cotton Committee.

At the 8th meeting of the Indian Central Cotton Committee (July 7th, 8th and 9th 1924), the following resolution was moved and carried :—

> "That the Central Cotton Committee, after having given full consideration to the proceedings of a meeting of the cotton growers, ginners and traders with members of the Provincial Cotton Committee held at Lahore on the 19th March 1924 and to the proceedings of the Provincial Cotton Committee, held at Simla on 23rd June 1924, is convinced that the licensing of gins and presses will provide the only remedy for mixing in the Punjab, that is likely to have immediate and practical effect.
>
> The Committee also wishes to impress upon the Government of India the desirability of putting the Gins and Presses Bill before the Legislature with as little delay as possible."

In the very lengthy discussion which took place interest centred principally round the enabling clause for the licensing of gins and presses which the Committee had recommended for inclusion in the Bill. It was obvious that there was a considerable body of objection to the licensing clause, which was delaying the progress of the Bill. Discussion took place as to where the bulk of the mixing was done, some members being of the opinion that it was practically confined to the ginning factories whilst others contended that the great mass of cotton arrived at the factories already mixed and that, therefore, the licensing of gins and presses would not check the evil. In this connection

the experience of the Indian Cotton Committee was quoted and it was stated that they were convinced from the evidence they received in the Punjab that the bulk of the mixing took place in the factories, both ginneries and presses, and that the complaints were entirely justified.

At the 9th meeting of the Indian Central Cotton Committee (4th December 1924) it was stated that the Government of India had introduced the Cotton Ginning and Pressing Factories Bill at the last session of the Legislative Assembly and it had been circulated for opinion. *The licensing clause had been entirely omitted.* However this was understood to have been done in order not to prejudice the chances of the whole bill and the question of licensing could be taken up later if, it was still found necessary.

The Cotton Ginning and Pressing Factories Act (Act XII of 1925) was passed on the 18th March 1925. No enabling clause to deal with the licensing of gins and presses was included in the Act. In view of the continued complaints of abuses and malpractices, *e. g.* watering, mixing of cotton, etc. which were being brought to the notice of the Central Cotton Committee, the following resolutions were passed by a majority at the 15th meeting of the Indian Central Cotton Committee (July 18th and 19th, 1927) :—

"That in view of the continuance of malpractices in cotton ginning and pressing factories, the question of introducing the actual licensing of such factories should now be re-examined.

That the Cotton Ginning and Pressing Factories Sub-Committee be requested to report to the next meeting of the Central Cotton Committee :—

(*a*) In what areas malpractices are so prevalent as to make necessary, the licensing of cotton ginning and pressing factories.

(*b*) For what offences licenses should be suspended or revoked.

(*c*) How such offences are to be defined and proved.

(*d*) What machinery should be set up for controlling licenses and dealing with offences."

In the course of the discussion, it became evident that, although opinion on the advantage of licensing was divided, it was generally agreed that the malpractices complained of were so serious and so widespread that the possibility of checking these by the introduction of a licensing system in certain areas should be thoroughly investigated.

At the 16th meeting of the Indian Central Cotton Committee (December 12th, 13th and 14th 1927) the report of the Cotton Ginning and Pressing Factories Sub-Committee on the checking of malpractices in cotton ginning and pressing factories was presented. The Sub-Committee's report stated that they had given careful consideration to methods whereby the trade itself could take steps to check abuses and malpractices without having recourse to legislative action. Considerable discussion took place on this aspect of the question and the opinion of the meeting on the desirability or otherwise of introducing a licensing system was extremely divided. Finally the debate was narrowed down to the question of mixing of pure American cotton in the Punjab and a resolution was passed appointing a Special Sub-Committee from the Central Cotton Committee and the Karachi Joint Cotton Committee to investigate this aspect of the problem and to report to the Central Cotton Committee at its next meeting.

The Sub-Committee appointed at the 16th meeting of the Central Cotton Committee and consisting of representatives of the Indian Central Cotton Committee and the Karachi Joint Cotton Committee met on the 16th January 1928. The report of this Sub-Committee was considered in detail by the Local Sub-Committee. Among other recommendations which aimed at enabling the trade to deal with the abuses of mixing, the Sub-Committee formed the conclusion :—

"That legislation in some form was the only real solution but that every effort should be made in the meantime to introduce palliatives."

The Special Sub-Committee could come to no agreement about the form which such legislation should take but, decided that it was prepared to recommend it if suitable legislation could be found.

The report of the Local Sub-Committee, incorporating the report of the Special Sub-Committee was presented at the 17th meeting of the Indian Central Cotton Committee (July 30th and 31st, 1928) and was adopted. At this meeting, the Local Sub-Committee also stated in their report that they had been asked to advise upon the form of licenses of cotton ginning and pressing factories proposed to be adopted in Hyderabad State and that they had suggested a few amendments which had been incorporated in the License form.

Letter No. 733, dated 10th June 1932 from Chamber to the Indian Central Cotton Committee.

"With reference to your letter of the 9th March 1932, No. 5450, on the above subject, the Committee of this Chamber are of opinion that having regard to the impending constitutional developments in the country the time is not opportune for any legislation of the character referred to by the Central Cotton Committee."

APPENDIX 39.

Universal Standards for Indian Cotton.

Letter No. 521, dated 26th September 1932 from Indian Central Cotton Committee to Chamber.

I have the honour to say that the question of the adoption of Univesal Standards for Indian Cottons has been engaging the attention of the Indian Central Cotton Committee for some time past and at its meeting held on the first August, 1932 my Committee passed the following resolution on this subject :—

Resolution:—"That a copy of the previous discussion on this subject be circulated to all commercial and agricultural bodies interested in cotton and to the Government of India and that the matter should be brought up at the

next meeting of the Committee for further discussion and final decision".

2. I enclose for your information a copy of the discussion on this subject held at the various meetings of my Committee. This subject will again be considered by my Committee at its meeting to be held in December this year, and I shall therefore be glad if you will favour me with the considered views of your Chamber on the subject by November 5th at the latest.

Extract from Minutes of the 20th Meeting of the Indian Central Cotton Committee, held on 11th November, 1929.

SUBJECT:—6—*Cotton Marketing.*

Marketing of Indian Cottons in England.

The President said that an interesting discussion had taken place on this subject at the last meeting and the decisions of the Committee had been communicated to cotton trade associations in England who had promised to co-operate in every way in extending and increasing the use of Indian cottons in Lancashire. He referred to the question of universal standards for Indian cottons and suggested that the Committee might consider if further action should be taken in this connection.

Sir Purshotamdas Thakurdas said that, although universal standards for American cotton had been adopted in Liverpool, Bremen and other foreign markets, it appeared still a far cry to the establishment of universal standards for Indian cottons even in this country. The United States Government had brought about universal standards for American cotton by prohibiting their nationals from dealing in any other standards. He sincerely hoped that under suitable guidance, the adoption of common standards for Indian cotton in India would soon become an accomplished fact and that this would only be the beginning of a wider introduction of universal standards for Indian cotton all over the world. For this purpose, it might be necessary to fall back on Government action as in the case of the United States of America, but there was

no reason why universal standards should not be adopted at an early date in India itself.

Mr. Vonech said that it was not true that traders in Liverpool could not buy their supplies of Indian cotton ahead. This was commonly done and the contracts were based on Liverpool, the trader taking the risk of loss or gain on the differences.

Mr. Roberts said that the American futures contract should be used for dealing in Indian cottons. It was much better than the present Empire contract which was, to all intents and purposes, a dead contract.

Sir Purshotamdas Thakurdas said that his point was that there ought to be common standards for dealing in Indian cottons. Till now for Punjab-American cotton sold in Bombay or Karachi, the standards were different and the tendency was to make the standard lower in order to attract cotton. Unless there were common standards, this competition between markets to attract cotton must continue. The standards in all markets should be the same and, indeed, should be prepared at one centre where representatives from all the markets could attend for the purpose. The difficulty was to decide who should take the initiative in this matter. As a result of negotiations with the Karachi Joint Cotton Committee, the East India Cotton Association has decided to adopt the Karachi 4 F Punjab-American standard as their fine Punjab-American standard with a view to bridging the difference between the two standards that has existed to the detriment of the Bombay Cotton market and with the ultimate object of achieving uniformity of standards aimed at by the Association in the interest of the Cotton Trade as a whole.

Mr. Vonech said that he was in complete agreement with Sir Purshotamdas Thakurdas on this subject. As a member of the Survey Committee of the East India Cotton Association, he knew that efforts were being made to bring the boxes in different markets into line, but this would take a considerble time to accomplish. At present, cotton could pass in Karachi which would not pass in Bombay although the staple clause is the same in both markets.

Sir Purshotamdas Thakurdas said that he realised that the human factor must be allowed for and cotton which one man might pass as good staple Punjab-American might not be passed by another. The point, however, was that the description of the standard on paper should be the same in all markets. If Bombay say 7/8" staple, Karachi should not say either 1" or $\frac{3}{4}$". There should be uniformity and the standards shou'd really represent the cotton as produced in India. Why should a difference be permitted in the cotton tendered in Bombay as compared with Karachi? He thought the Indian Central Cotton Committee should take this matter up and insist on similar standard in all markets. Good staple Punjab-American must have uniform length and a certain standard of cleanliness and the standards should be identical in all markets. Otherwise the cotton trade in India would expose itself to the ridicule of other countries.

Mr. Roberts said he thoroughly agreed with Sir Purshotamdas Thakurdas. The adoption of universal standards in America had been preceded by a fierce controversy and he suggested that the Secretary should be asked to prepare a note on the difficulties experienced in America for the information of the Committee when this subject again came up for discussion.

Sir Purshotamdas Thakurdas said that he thought that the Committee should discuss the subject of universal standards for Indian cottons at a subsequent meeting when a full attendance of members could be assured. It was a most important subject and he would like all interests to be represented when it was being considered. The subject should be brought to the notice of the Committee by a formal letter from the East India Cotton Association.

Extract from Minutes of the 21st Meeting of the Indian Central Cotton Committee, held on the 30th June and 1st July 1930.

(*d*) Universal Standards for Indian cotton–Reference from the Indian Central Cotton Committee-20th Meeting.

"*The President* said that this subject had come up before the Indore meeting when a very interesting discussion had taken place. The meeting had accepted Sir Purshotamdas Thakurdas' suggestion that it should come up again at a future meeting.

Mr. Coleridge said he considered it was a most desirable move which he, on behalf of the Karachi Chamber of Commerce, welcomed. The East India Cotton Association and the Joint Cotton Committee, Karachi, held a meeting last year and agreed on certain standards. If Bombay and Karachi accepted standards for all cotton, it would break the back of the movement. Universal standards for Indian cotton all over the world were to be welcomed as they would facilitate trade.

Sir Purshotamdas Thakurdas said his views had already been conveyed to the last meeting. He wished to draw attention to the history of the introduction of universal standards for American cotton which had been drawn up by the Secretary. Even in the United States it took more than fifteen years to get the scheme going, and in India there was not the same efficiency and the same power, but it did not change the fact that universal standards for Indian cotton were essential. He would like to take the case one step further at this meeting. Personally, he thought that whatever standards were fixed in future, the trade alone should not have the sole voice in settling them. He was convinced that growers and Government should also have a say in the matter. He had found that standards were sometimes made to suit either buyers or sellers as the case might be and he considered it essential that future standards should be in the interests of the growers as well as of the trade. Before we reached that stage, however we should see that in India common standards were adopted in Bombay and Karachi. Mr. Coleridge had mentioned that the meeting last year between the East India Cotton Association and the Karachi Joint Cotton Committee had agreed on certain standards, but they were still not uniform in every respect. He did not think that any further action should be taken at present, but the subject should come up at future meetings when a survey of what had been done in the interval in getting uniform standards in India should be considered. He

thought the Imperial Council of Agricultural Research should have some say in the matter also. These were his personal views and they did not bind in any way, the interests which he represented.

Mr. Burt said that he was in thorough agreement with the last two speakers as to the need of universal standards for Indian cotton. He presumed that what was intended was uniformity in the standards for "class" and a uniform qualification regarding staple, length. He presumed that it was not intended at present to take up the question of actual physical standards for length of staple. He thought the Committee could afford assistance at once in another direction also. The question of the permanence of standards was both difficult and important. In the United States elaborate arrangement had been made for the preservation of carefully matched replicates of all the standards for use in future years; for example, a large number of copies was preserved *in vacuo*. In India, standards changed with time, unless specially preserved and he thought that the Technological Laboratory could render assistance by conducting experimental work on the preservation of standards for class. Unless special steps were taken, differences between the actual standards in such dissimilar places as Bombay, Karachi and Liverpool would arise in future years.

Mr. Ellis Jones said that the East India Cotton Association had sent standards to Wadhwan State in order to preserve them and they had found this method very effective.

Rao Bahadur Bhimbhai Naik said that if universal standards were to be established he wished to endorse the views of Sir Purshotamdas Thakurdas regardidg representation of the agriculturists. It was necessary for the trade to look to the interests of the agriculturists as well as their own and he considered that the agricultural side should be represented either directly or indirectly.

Mr. Roger Thomas informed the members, that in the United States the duplication of standards was done by the Department of Agriculture which kept a big staff for the purpose. This staff prepared duplicates for grade and class. The Department of Agriculture financed this work and charged for the standards.

The President said that there was no intention to move a resolution on the subject. The idea was to let the matter sink into the minds of members and it would be brought up at a future meeting."

History of the adoption of Universal Standards for American Cotton.

As far back as 1874 representatives of the various American Cotton Exchanges met in conference in Augusta, Ga., to consider the adoption of a uniform standard of classification of cotton for the United States. As a result of the recommendations then made, certain standards prepared by an Expert Committee were agreed upon, and all the American Exchanges took them up—then known as "Standard American Classifications"—during the next season. Their use, however, was only temporary. One by one the Exchanges abandoned them, until at last only the New York Cotton Exchange still made use of them after a few years. This Exchange continued to use these standards till it adopted, on 20th October 1914, the permissive official standards established by the Department of Agriculture in 1909.

Official help in cotton standardisation work may be said to have commenced definitely in May 1908 when, for the first time, the act making appropriation to the Department of Agriculture "contained an item for the express purpose of enabling the Department of Agriculture to undertake systematic work in cotton standardisation and carried authority to establish an *official standard for the nine grades of white American Cotton*". The preparation of these standards was done by a Committee consisting of prominent men in the various branches of the cotton trade and experienced classers from important markets, and the Committee had at its disposal for this purpose cotton from various portions of the United States cotton belt, as well as copies of the standards of many of the cotton exchanges, both American and foreign. "The standards established under this Act were purely permissive, their adoption and use having been wholly voluntary as there was no statute to make them obligatory upon any portion of the industry. "These official grades were, there-

fore, never formally promulgated, nor was any campaign undertaken to secure their adoption and use by the trade". The trade on the other hand considered that the standards for the lower grades were "too full", and did not typify cotton of the eastern belt. In the circumstances these standards never came into general commercial use, and instead of replacing the different existing standards of classification they simply added one more to the numerous standards already in use.

Great diversity existed among the standards adopted by the various exchanges. At Liverpool there were three separate sets of standards for Upland, Gulf and Texas cottons, while in America standards of classification, basis grades, and differences between grades differed from market to market; and in some markets the standards were changed from year to year. "Thus a standard became a variable measure of quality and quotations based thereon were confusing and misleading".

Matters became worse when in June 1913 the American and European Cotton Exchanges prepared and recommended to the trade of the world a new international standard, and later in May 1914 a meeting, at which nearly all the United States Exchanges were represented, passed a resolution requesting the Department of Agriculture to adopt the proposed international standards. This served as a real eye-opener, and made it quite clear to the Department that the permissive standards issued in 1909 could not be forced upon the industry, and that any new system of classification should replace entirely the 1909 grades.

Just at this time, another effort was made by the United States Congress to comply with the long-standing demand for an attempt by it, to remedy the abuses in some or all of the "futures" exchanges. The Cotton Futures Act of 18th August 1914 was the result. The Act imposed generally on all contracts for sale of cotton for future delivery a tax of 2 cents for each pound of cotton involved, and then exempted from the tax contracts that complied with either of two specific sets of conditions aimed to correct the evils of future dealing that existed. The first of these (Section 5) provided for the use in all

contracts of grades of the "Official Cotton Standards" of the United States promulgated by the Secretary of Agriculture under Section 9 of the Act, and the second condition (Section 10) required that the Contract should specify all the material terms relating to the true description of the cotton involved. Thus Section 9 of the Cotton Futures Act of 1914 made it practically compulsory on the cotton future exchanges in the United States to use only the official cotton standards in all transactions on and after February 18th, 1915. The Act itself did not make it mandatory, but the provision of exemption from the super-tax made it self-executing. Another important Section was Section 11 which imposed a similar tax on all orders from the United States for future contracts on foreign exchanges unless the form of contract prescribed in Section 5 was used.

Under the Cotton Futures Act, the Secretary of Agriculture was "authorised, from time to time, to establish and promulgate standards of cotton by which its quality or value may be judged or determined, including its grade, length of staple, strength of staple colour, and such other qualities, properties and conditions as may be standardised in practical form". In the preparation of the standards for grade, the objective of the Department was to prepare a standard which would be comprehensive, covering all white cotton of American growth, and suitable for adoption both in United States exchanges and foreign exchanges. Hence the Department had to reject the so-called "International Standards" or "Liverpool Upland Standards" for various reasons, the chief of which was that these standards were more or less tinged. In view, however, of the necessity of enlisting the co-operation of Liverpool and the European Cotton exchanges to the use of a uniform standard, the Department sent representatives to these exchanges with copies of the standards to Induce them to accept the Official Cotton Standards.

In November 1914 the American delegates went to Liverpool to confer with the Cotton Association there. The chief difficulty in arriving at an understanding appears to have been

the fear of Liverpool that the move on the part of the United States was a deliberate attempt to oust her in due course from the supremacy she had held in the cotton trade of the world. The conditions put forward by the Liverpool Association for the acceptance of the Official Standards were (1) that the United States Government should guarantee not to undertake to certificate or arbitrate shipments of cotton sold to Europe, (2) that Liverpool and the United States Government should submit standards to the other periodically and try to adjust disagreements or discrepancies by mutual concessions, (3) that the sole monopoly of preparing and selling standards in Europe must be granted to Liverpool, and (4) that orders from the United States for future contracts on foreign exchanges should be exempted from the tax. No agreement was reached between the parties on these points as the United States Government wanted (1) to keep the questions of standards and arbitrations entirely distinct, (2) to regard the types of standards kept in vacuum in Washington as representative of the true standards, (3) not to confer on Liverpool the exclusive right to prepare and sell duplicates of standards in Europe, and (4) not to interfere with the powers of the Congress in this respect. The discussions, however, helped to convince Liverpool that the one set of standards prepared by the United States Department of Agriculture was comprehensive enough to replace the separate Liverpool sets for Upland, Gulf and Taxes cottons, and that Washington was agreeable to maintain the credit of Liverpool by letting the world know that the proposed standard was reached by agreement with Liverpool and to change the name of the standard into "Washington-Liverpool Standards".

In December, the American delegates reached Bremen and conferred with representatives of the exchange there. The Bremen Exchange's demands, *viz.*, (1) that compressed cotton also should be used in the preparation of standards, (2) that bales representing the grades should be supplied to them for the preparation of copies, and (3) that the southern spot markets in the United States should adopt these standards, were easily met and a complete understanding of the situation was gained at the end

of the Conference. At Havre in January 1915, there was less difficulty and the members present at the Conference stated that no criticism of the standards could be made. In the meanwhile on December 15th, 1914, the Official Cotton Standards of the United States were established and promulgated by the Secretary for Agriculture, the nine grades being Good Ordinary, Strict Good Ordinary, Low Middling, Strict Low Middling, Middling, Strict Middling, Good Middling, Strict Good Middling and Middling Fair.

The determination of the standards was an equally difficult task. For several years previous, the Department had been carrying on extensive investigations and surveys throughout the cotton growing states. During these surveys the samples collected systematically at stated intervals from typical markets ran into several thousands, and showed the varying characteristics of the cotton produced. From the samples collected in each State a set of types was made showing each grade from Middling Fair to Good Ordinary. This collection clearly demonstrated the possibility and feasibility of making a single set of standards, consisting of 12 types each in the nine grade boxes representing the whole of white American cotton. To compare with this collection, the Department also had in their possession copies of the proposed International Standards of the old Liverpool Standards, and of local standards from various markets in the South. It was with such abundant material and with the help of several expert classers of the New York and New Orleans Cotton Exchanges that the specialists of the Department eventually worked out the actual details of the standard. In addition the Department very carefully elaborated an apparently fool-proof system to ensure the complete reliability of the perpetuation of the standards, both in the original key-set and the copies. From the purchase of cotton intended for the preparation of the standards up to the disposal of the prepared sets every operation, and environmental conditions likely to affect such operations are carefully regulated and controlled to produce uniformity.

The position in early 1916 was that all the more important spot markets and exchanges in the United States had adopted the

Official Cotton Standards, though none of the European exchanges nor Liverpool had done so. Hence so far as the foreign exchanges were concerned, the attempt on the part of the United States Government to force their Official Cotton Standards, upon the foreign exchanges through the operation of Section 11 of the Cotton Futures Act was not successful, and Section 11 of the Act appears to have remained a dead letter for about two years. In August 1916, the Cotton Futures Act was therefore re-enacted, the most important amendment being the omission of Section 11.

In the meanwhile by an order of the Secretary of Agriculture, dated the 28th January 1916, standards for colour in the various grades of American Upland Cotton were also established as under:—

Good Middling Yellow Tinged.
Strict Middling Yellow Tinged.
Middling Yellow Tinged.
Strict Low Middling Tinged.
Low Middling Yellow Tinged.
Good Middling Yellow Stained.
Strict Middling Yellow Stained.
Middling Yellow Stained.
Good Middling Blue Stained.
Strict Middling Blue Stained.
Middling Blue Stained.

The re-enactment of the Act in August 1916 however necessitated the re-establishment of the same standards for grade and colour on the 12th August 1916.

No further attempt was made till 1921 to make the Official Cotton Standards of the United States universally adopted. In the meanwhile the boll-weevil was well established in the whole of the cotton belt, and to save the cotton crop from the enormous ravages caused by this pest the methods and processes of cotton production had to be changed. With the hastening of the maturity of the crop the average colour of lint became brighter, and the lint less stained as the crop could be harvested before rain and frost set in but, on the other hand, even high grade cotton without the spots

caused by the larvae of the boll-weevil became rare. Hence in spite of the express wish of the Cotton trade of the world and the policy of the United States Department of Agriculture not to alter the standards at any time, it became necessary to adjust the standards to the crop, the nature of which had been so profoundly affected by the changed conditions of growth. At the same time it was brought to light that the Official Cotton Standards which in 1915 were identical with those of Liverpool were not so in 1921, while the Liverpool standards had remained unchanged. It became evident, therefore, that the United States, whose prosperity was intimately connected with the prosperity of her cotton production industry, had to devise means whereby her farmers could be freed from the domination of the foreign consuming markets, which failed to recognise the changed conditions under which cotton was grown in the United States.

On 1st June 1921 the Fulmer Bill, which later became the United States Cotton Standards Act of 1923, was introduced in the House of Representatives. The Bill did not have an easy passage in the American legislature having had to be twice introduced with minor changes. It finally received the assent of the President on March 4th, 1923. In the meanwhile by an order of the Secretary on July 26th, 1922, the existing standards established under the United States Cotton Futures Act had been revised and became effective from 1st August 1923, and consequently under Section 6 of the United States Cotton Standards Act these standards automatically became the standards for the purposes of this Act.

The provisions of this Act are for the most part permissive, but the most important section, *viz.*, Section 2, is mandatory, and compels all transactions in grade in interstate and foreign commerce to be in accordance with the grades established under it. This law compels every merchant, shipper, buyer, and trader in the United States in every transaction, quotations of cotton for shipment, publication of prices, and in classification of all cotton in interstate and foreign commerce to use the official Cotton Standards of the United States only, provided the quality of the cotton involved is of, or within the range of, the official cotton standards of the United

States. The other provisions of this Act have been designed chiefly to enforce the main provision referred to.

The main reason for such drastic action by the United States Congress is clearly stated by Mr. Wm. R. Meadows of the United States Department of Agriculture who, on March 24th 1923, when addressing the Texas Cotton Association at Dallas said "As a practical matter you, gentlemen, are shipping and have been shipping against standards with which you are not furnished copies. If you had purchased standards of the Liverpool Cotton Association, it would have cost you $600 to get the complete set. When American cotton reaches the other side, it is arbitrated against an unknown standard before a board of men who represent the buyer and on which no American shipper has any American representative". He emphasised the dependance of the United States on her cotton exports for her prosperity and her international status and added "such a large part of our annual exports should not be shipped against standards with which American cotton shippers are not familiar and be arbitrated by any set of men who represent the buyer exclusively and on which final tribunal we are denied representation." In reply to this argument, Liverpool interests retorted—"The Americans were dissatisfied with the arbitration of Liverpool and now they expect the whole world to be satisfied with the final word of Washington officials; in other words the alleged defective system of Liverpool is grafted on to Washington without first consulting the buyers."

The effect of the United States Cotton Standards Act on the existing practices in the cotton trade was bound to be far-reaching. When the law came into effect bills of lading, warehouse certificates, shipping documents, insurance contracts newspaper and private quotations of cotton by grade, invoices and all other documents were required to be stated in accordance with the official cotton standards. If not, these documents had no legal status and were not enforceable in a court of law. Since about half the American crop is marketed in Liverpool and other European cotton exchanges, the passage of the Act presented problems of vital importance to the American export trade,

and to foreign cotton exchanges. It was at once clear that if no workable basis was arrived at between the United States Government and the foreign exchanges on the question of standards which could be recognised and adopted by both parties, great hardship would be experienced by those dealing in American cotton. The Department of Agriculture was no less conscious of its responsibility in the matter. Early in 1923, therefore, Charles J. Bond, Agricultural Commissioner, United States of America travelled through Europe and held meetings with the various Cotton Exchanges and with the International Cotton Federation, with the object of convincing the exchanges of the usefulness of common standards. A series of Conferences also took place in the United States during the months of April to July between the representatives of the Department of Agriculture and delegates from representatives producers, shippers and spinners' organisations in the United States. In the meanwhile a Conference of the European Cotton Exchanges was held at Liverpool in May 1923, and it was decided to send a delegation to America with a view to negotiating with the highest authorities in Washington, in order, if possible, to arrive at some working arrangement under the Act.

A Conference was therefore called at Washington on 11th June 1923, at which representatives from the leading cotton exchanges of Europe met representatives of the American cotton trade and officials of the Department of Agriculture. The European Exchanges at the Conference took exception to the official standards of the United States for length of staple, and to their relinquishment of the right of arbitrating in disputes arising out of shipments from the United States. As the representatives of the American trade present at the Conference agreed not to press the matter of arbitrations, the Department of Agriculture proposed that if the European Cotton Exchanges, adopted the official cotton standards for grade and colour as universal standards, the Secretary of Agriculture would take such action as was necessary to vest in the members of the boards of appeal of Liverpool, Manchester, Havre, and Bremen Cotton Associations the authority to determine finally the true classification, as to grade and colour of cotton of American growth

exported from the United States. This proposal was largely accepted in principle by the Conference, but later after a careful examination of the official standards, the Liverpool Cotton Association pointed out that certain revisions were necessary in the standards for Good Middling, Strict Middling, Middling and Strict Low Middling so as to raise their grade slightly in order to be universally accceptable. This the Department of Agriculture agreed to do, and the boxes of standards as finally approved by all the representatives present were set aside and the Secretary of Agriculture forthwith promulgated them under the authority of the United States Cotton Standards Act as the Official Cotton Standards of the United States, hereceforth known as "Universal Standards" effective 1st August 1924."

In this connection, it has to be emphasised that in spite of comprehensive and rigorous legislation it took no less than ten years for the United States Department of Agriculture to get the standards for American cotton universally adopted, and then only after making considerable concession to foreign interests. The terms on which the workable basis has been arrived at are embodied in an agreement to which the Department of Agriculture, the Cotton Associations at Liverpool, Manchester, Bremen, Rotterdam, Havre, Barcelona, Ghent and Milan and the Federation of Master Spinners' Associations (Ltd.) are signatories. The main points in the agreement are (1) that during the time the agreement remains in force, the Department of Agriculture shall not revise or change the standards before such modifications have been considered at a meeting at which the Associations will be given an opportunity to attend. At such meetings, the Associations have 50 votes and the Department 50 votes out of a total of 100 votes and (2) that the Department of Agriculture shall authorise from time to time the members of the Committees of the respective Associations to exercise the powers of a board of examiners in matters of classification of cotton in dispute, and their award to be final.

In 1924 an agreement supplementary to the above was entered into between the same parties, the object being to provide for the presence of the signatories once every year (later changed to once

every two years) at Washington at the expense of the Department of Agriculture to approve the copies of standards. No doubt the reason for this further safeguard was to establish and maintain confidence in the integrity, comparability and uniformity of copies of the original universal standards, as it was considered that in spite of the very elaborate arrangements and great precautions taken to preserve the character of the original key set from the ravages of time, the physical appearance of the original samples constituting the universal standards might change in storage.

United States Cotton Standards Act.

(*Approved March 4th, 1923–42 Statutes at Large, Page 1517*).

AN ACT to establish and promote the use of the official cotton standards of the United States in interstate and foreign commerce; to prevent deception therein, and provide for the proper application of such standards; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, that this act shall be known by the short title of "United States Cotton Standards Act".

Section 2.—That it shall be unlawful (*a*) in or in connection with any transaction or shipment in commerce made after this act shall become effective, or (*b*) in any publication of a price or quotation determined in or in connection with any transaction or shipment in commerce after this act shall become effective, or (*c*) in any classification for the purposes of or in connection with a transaction or shipment in commerce after this act shall become effective, for any person to indicate for any cotton a grade or other class which is of or within the official cotton standards of the United States then in effect under this act by a name, description or designation, or any system of names, description or designation, not used in said standards: *Provided*, that nothing herein shall prevent a transaction otherwise lawful by actual sample or on the basis of a private type which

is used in good faith and not in evasion of or substitution for said standards.

Section 3.—That the Secretary of Agriculture may, upon presentation of satisfactory evidence of competency, issue to any person a license to grade or otherwise classify cotton and to certificate the grade or other class thereof in accordance with the official cotton standards of the United States. Any such license may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied, after reasonable opportunity afforded to the licensee for a hearing, that such licensee is incompetent or has knowingly or carelessly classified cotton improperly, or has violated any provision of this act or the regulations thereunder so far as the same may relate to him, or has used his license or allowed it to be used for any improper purpose. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without a hearing.

Section 4.—That any person who has custody of or a financial interest in any cotton may submit the same or samples thereof, drawn in accordance with the regulations of the Secretary of Agriculture, to such officer or officers of the Department of Agriculture, as may be designated for the purpose, pursuant to the regulations of the Secretary of Agriculture for a determination of the true classification of such cotton or samples, including the comparison thereof, if requested, with types or other samples, submitted for the purpose. The final Certificate of the Department of Agriculture showing such determination shall be binding on officers of the United States and shall be accepted in the Courts of the United States as *prima facie* evidence of the true classification or comparison of such cotton or samples when involved in any transaction or shipment in commerce. The Secretary of Agriculture shall fix rules and regulations for submitting samples of cotton for classification providing that all samples shall be numbered so

that no one interested in the transaction involved shall be known by any classifier engaged in the classification of such cotton samples.

Section 5.—That the Secretary of Agriculture may cause to be collected such charges as he may find to be reasonable or licenses issued to classifiers of cotton under Section 3 and for determinations made under Section 4 of this act, and the amounts so collected shall be used by the Secretary of Agriculture in paying expenses of the Department of Agriculture connected therewith.

Section 6.—That the Secretary of Agriculture is authorised to establish from time to time standards for the classification of cotton by which its quality or value may be judged or determined for commercial purposes, which shall be known as the official cotton standards of the United States. Any such standard or change or replacement thereof shall become effective only on and after a date specified in the order of the Secretary of Agriculture establishing the same, which date shall be not less than one year after the date of such order. *Provided*, that the official cotton standards established, effective August 1st, 1923, under the United States cotton futures act shall be at the same time the official cotton standards for the purpose of this act unless and until changed or replaced under this act. Whenever any standard or change or replacement thereof shall become effective under this act, it shall also, when so specified in the order of the Secretary of Agriculture, become effective for the purposes of the United States cotton futures act and supercede any inconsistent standard established under the said act. Whenever the official cotton standards of the United States established under this act, shall be represented by practical forms, the Department of Agriculture shall furnish copies thereof, upon request, to any person and the cost thereof, as determined by the Secretary of Agriculture, shall be paid by the person making the request. The Secretary of Agriculture may cause such copies to be certified under the seal of the Department of

Agriculture and may attach such conditions to the purchase and use thereof, including provision for the inspection, condemnation, and exchange thereof by duly authorised representatives of the Department of Agriculture, as he may find to be necessary to the proper application of the official cotton standards of the United States. Any moneys received from or in connection with the sale of cotton purchased for the preparation of such copies and condemned as unsuitable for such use or with the sale of such copies may be expended for the purchase of other cotton for such use.

Section 7.—That in order to carry out the provisions of this act, the Secretary of Agriculture is authorised to cause the inspection, including the sampling, of any cotton involved in any transaction or shipment in commerce, wherever such cotton may be found, or of any cotton with respect to which a determination of the true classification is requested under Section 4 of this act.

Section 8.—That it shall be unlawful for any person (*a*) with intent to deceive or defraud, to make, receive, use, or have in his possession any imulate or counterfeit practical form or copy of any standard or part thereof established under this act; or (*b*) without the written authority of the Secretary of Agriculture, to make, alter, tamper with, or in any respect, change any practical form or copy, of any standard established under this act; or (*c*) to display or use any such practical form or copy after the Secretary of Agriculture shall have caused it to be condemned.

Section 9.—That (*a*) any person who shall knowingly violate any provision of Section 2 or 8 of this act, or (*b*) any person licensed under this act who, for the purposes of or in connection with any transaction or shipment in commerce, shall knowingly classify cotton improperly, or shall knowingly falsify or forge any certificate of classification, or shall accept money or other consideration, either directly or indirectly for any

neglect or improper performance of duty as such licensee, or (*c*) any person who shall knowingly influence improperly or attempt to influence improperly any person licensed under this act in the performance of his duties as such licensee relating to any transaction or shipment in commerce, or (*d*) any person who shall forcibly assault, resist, impede, or interfere with or influence improperly or attempt to influence improperly any person employed under this act in the performance of his duties, shall upon conviction thereof, be deemed guilty of a misdemeanor and shall be fined not exceeding $1,000, or imprisoned not exceeding six months, or both, in the discretion of the Court.

Section 10.—That for the purposes of this act the Secretary of Agriculture shall cause to be promulgated such regulations, may cause such investigations, tests, demonstrations and publication to be made, including the investigation and determination of some practical method whereby repeated and unnecessary sampling and classification of cotton may be avoided, and may co-operate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political sub-division thereof, or any person, as he shall find to be necessary.

Section 11.—That wherever used in this act, (*a*) the word "person" imports the plural or the singular, as the case demands and includes an individual, a partnership, a corporation, or two or more persons having a joint or common interest; (*b*) the word "commerce" means commerce between any State or the District of Columbia and any place outside thereof, or between points within the same State or the District of Columbia but through any place outside thereof, or within the District of Columbia; and (*c*) the word "cotton" means cotton of any variety produced within the continental United States, including linters. When construing and enforcing the provisions of this act, the act, omission, or failure of any agent, officer or other person acting for or employed by any person, within the scope of his employ-

ment or office, shall in every case be deemed also the act, omission, or failure of such person as well as that of such agent, officer, or other person.

Section 12.—That they are hereby authorised to be appropriated out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for carrying out the provisions of this act; and the Secretary of Agriculture is authorised, within the limits of such appropriations, to appoint, remove and fix the compensations of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere.

Section 13.—That if any provision of this act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the act and the application of such provision to other persons and circumstances shall not be affected thereby.

Section 14.—That this act shall become effective on and after August 1, 1923.

Extract from the Minutes of the 25th Meeting of the Indian Central Cotton Committee held on the 1st August 1932.

SUBJECT 9.—*Cotton Marketing—Universal Standards for Indian Cottons.*

The President read out the following letter received from Mr. Kotak who was unable to be present:—

Extract from letter dated 29th July 1932 from Mr. G. B. Kotak.

"*Universal Standards.*—This will be difficult to prepare if undertaken by an institution like the East India Cotton

Association, Ltd., of Bombay or the Joint Cotton Committee of Karachi. It may stir up conflicting interests which may seriously affect the purpose of making standards uniform and universal. I would therefore suggest that the Department of Agriculture or better the Imperial Council of Agricultural Research should undertake to provide universal standards with help of a suitable staff."

Sir Purshotamdas Thakurdas said that when the subject was discussed last time, it was suggested that the Committee should seek the assistance and co-operation of the Imperial Council of Agricultural Research and if that suggestion had been accepted, the next move was to find out which of the commercial bodies should have a hand in the matter. He therefore proposed that the subject be brought up at the next meeting after the President had ascertained the views of the Government of India and the commercial bodies concerned.

Mr. Chunilal B. Mehta agreed with Sir Purshotamdas Thakurdas and said that in order to give a lead to the Government of India and the Imperial Council of Agricultural Research, the Committee should pass a resolution accepting the need for universal standards of the Indian cottons.

Mr. Azhar Ali thought it was high time the suggestions of Sir Purshotamdas Thakurdas were circulated to the various interested bodies and the Government to elicit their opinions.

Dr. Nazir Ahmad suggested that if duplicate sets of standards were made, one set could be preserved in vacuo at the Technological Laboratory for purposes of comparison with the other set used by the East India Cotton Association.

Mr. Y. G. Deshpande considered that the opinion of the growers should also be invited.

Sir Purshotamdas Thakurdas drew attention to the fact that standards of Fine, M. G. Sind cotton prepared by the Karachi

Joint Cotton Committee and those of the East India Cotton Association were different. All cottons, *viz.*, Fine, Fully Good, or Good should be of uniform standard. He emphasized the necessity of one controlling neutral body to watch the interests of all concerned. The standards to be adopted in India were to be recognised by the interested bodies both in India and in foreign markets as American and Liverpool standards were recognised in India and elsewhere. In Bombay there were about 200 standards and their preparation lasted from the beginning of November right up to the end of June. The work was therefore an arduous one, but he thought it would fully repay the cost.

The following resolution proposed by *Sir Purshotamdas Thakurdas* and seconded by *Mr. Azhar Ali* was carried unanimously.

RESOLUTION 3.—"*That a copy of the previous discussion on this subject be circulated to all commercial and agricultural bodies interested in cotton and to the Government of India and that the matter should be brought up at the next meeting of the Committee for further discussion and final decision.*"

Letter No. 1776, dated 2nd November 1932 from Chamber to the Indian Central Cotton Committee.

I am directed to acknowledge receipt of your letter No. 521, of the 26th September, 1932. My Committee have considered this question, and, in accordance with their policy, they generally favour every kind of standerdisation in all trades, which would make the dealings in that commodity smoother and which would remove misunderstanding and disputes, both in the internal trade and in foreign commerce.

With regard to cotton, my Committee agree that universal standards for Indian cotton should be prepared and adopted.

As regards the work of preparing the standards and settling the details in connection therewith, the same should be entrusted to a body, in which there should be representatives of growers, merchants and of all concerned in the trade.

My Committee have instructed their representative on the Indian Central Cotton Committee, who is himself a prominent member of the cotton trade, to give every assistance in working out these details. They also expect that the Imperial Council of Agricultural Research will be able to place helpful materials and suggestions, when these details are being worked out.

APPENDIX 40.

Indian Contract Act—Amendment of Section 178.

Letter No. 63/3/B, dated 23rd December 1931 from the Government of Bombay, Home Department to Chamber.

I am directed by the Governor-in-Council to forward herewith a copy of a letter from the Secretary, the Chamber of Commerce, Bombay, No. 2777/337, dated the 20th November 1931, regarding the amendment of Section 178 of the Indian Contract Act, 1872, and to request that you will be so good as to favour Government with the views of the Indian Merchants' Chamber, Bombay, in the matter.

Letter No. 2777/337, dated 20th November 1931 from the Bombay Chamber of Commerce to Government of Bombay.

I have the honour to inform you, that the Committee of the Bombay Chamber of Commerce have received a representation from the Exchange Banks Association, Bombay, urging that Section 178 of the Indian Contract Act IX of 1872 as amended by Act IV of 1930 might be further amended by the addition of an explanation to the effect that "A muccadam and commission

agent in cotton in the Presidency of Bombay shall be deemed to be a mercantile agent for the purposes of this Section."

2. Section 178 of the Act at present reads as follows: "178. Where a mercantile agent is, with the consent of the owner, in possession of the goods or the documents of title to goods, any pledge made by him, when acting in the ordinary course of business of a mercantile agent, shall be as valid as if he were expressly authorised by the owner of the goods to make the same; provided that the pawnee acts on good faith and has not at the same time of the pledge notice that the pawnor has not the authority to pledge."

Explanation.—In this Section the expressions 'mercantile agent' and 'documents of title' shall have the meanings assigned to them in the Indian Sales of Goods Act, 1930.

A mercantile agent has been defined by Section 2(9) of the Indian Sale of Goods Act as follows :—

> "Mercantile agent means a mercantile agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purpose of sale, or to buy goods or to raise money on the security of goods."

3. It would appear that in consigning cotton to a muccadam and commission agent in Bombay up country consignors look to the personal integrity of the muccadam and commission agent concerned. Unless the cotton is consigned to the muccadam and commission agent for warehousing only (which is an exception to the general practice), they know they will be able by custom to obtain and do obtain from the muccadam and commission agent advances, subject to a margin, against cotton so consigned.

4. It is well known to such consignors that the muccadam and commission agent in turn obtain finance from banks by

pledge of the cotton, entirely irrespective of the amount which he has advanced in his turn to the consignor, and that in such cases the consignor once he parts with the cotton does not concern himself with what happens thereafter, but relies entirely upon the standing of the muccadam and commission agent to whom he consigns his cotton.

5. The cotton once received in Bombay may and does frequently change hands several times and it has been found entirely impracticable for banks to make proper enquiries of the true owner for the reason, that the true owner can very seldom be determined and the bales of cotton or documents of title in no way show or give an indication of the true owner.

6. It is submitted that the up country constituent is in a very much better position to prevent fraud than a Bank can ever hope to be in and therefore that the responsibility for preventing fraud should rest with him. The object of the amendment is to that end.

7. Finally it remains to be pointed out that the difficulties, to remove which the proposed amendment is contemplated, are very real. In addition to the muccadam and commission agent who deliberately practises fraud there is the muccadam and commission agent who avails himself of the anomaly in law to assert, wrongly, when faced by a demand for further margin from a Bank that be held the cotton for warehousing only, thus putting the Bank to the very great expense of proving in a Court of Law that the muccadam and commission agent in fact held the cotton for sale.

8. My Committee are advised that under Section 80 A of the Government of India Act it is competent for the Local Government to amend Section 178 of the Indian Contract Act in the manner suggested with effect throughout the Bombay Presidency, and I am to express hope that the Government of Bombay will see its way to taking such steps as may be necessary to amend the Section.

Letter No. 131, dated 1st February 1932 from Chamber to Government of Bombay.

My Committee have considered your Letter of the 23rd December 1931, and are in agreement with the suggestion made by the Bombay Chamber of Commerce to amend Section 178 of the Indian Contract Act, by the addition of an Explanation so as to include a Muccadum and Commission Agent in Cotton in the Presidency in the term "Mercantile Agent." In this connection, I may add that, even before receiving the letter under reply from Government, my Committee themselves, on a reference from a Member, were considering the advisability of approaching Government for the amendment of the Section in the direction referred to above. Now that Government have before them the views of the Bombay Chamber also, there will be no difficulty in appreciating the necessity for amending the Section, and taking early steps to implement the application for amendment.

My Committee, however, wish to go one step further than the Bombay Chamber, and suggest that the term, 'Commission Agent,' or 'Muccadum,' should be explained to mean a Mercantile Agent, not only in Cotton, but in all trades. They feel that the difficulties experienced by the cotton trade now may be felt by any other trade at any time, and there is no reason to restrict the scope of the amendment to the cotton trade only. They, therefore, suggest that the Explanation proposed to be added to the Section should be comprehensive enough to include all trades.

My Committee hope that Government will take early steps to get the Section amended, as suggested above.

APPENDIX 41.

Recommendations of the Royal Commission on Labour.

Letter No. 3274, dated 8th December 1931 from the Labour Office, Bombay to Chamber.

I am directed by the Government of Bombay to draw your attention to the report of the Royal Commission on Labour in India which has recently been published and to invite your co-operation in giving effect to the recommendations made therein. The Commission's report is based on a careful study of most comprehensive data; and I venture to suggest that a careful and sympathetic consideration of its recommendations cannot fail to be of benefit to all who are engaged, or interested in industry.

2. In order to facilitate a study of the report, a classified summary of the recommendations as they affect the various interests has been prepared, and I am directed to bring to your notice those that require action by employers and their organisations, acting either independently or in association with other interests, or by unions of workers. Your attention is particularly invited to the marginally-noted recommendations, and it is hoped that you will give them your very early and sympathetic consideration.

1, 2(a), 2(b), 2(c), 2(d), 3, 4, 5, 6, 7 (c), 9, 9A, 10, 19, 27(a), 29, 86, 37, 172, 189(a), 202(a), 202(b), 202(c), 205, 206, 209, 210, 216, 218, 228, 229, 230, 257, 258, 267(a), 267(b), 267(c), 267(d), 268, 344.
8*, 177*, 208*.

3. As it is important that Government should have a record of the progress made in the consideration of the Commission's report, I am to request that a half-yearly report on the action taken on each of the recommendations in the accompanying list

*Textile Industries only.

may be furnished to this office by the 1st January and the 1st July of each year.

Recommendations made by the Royal Commission on Labour requiring Action by Employers and their Organisations or by Workers' Unions.

Chapter II.—Migration and the Factory Worker.

1. In present circumstances, the aim should be to maintain the factory worker's link with the village and, as far as possible, to regularise it (page 20). *

Chapter III.—The Employment of the Factory Worker.

2. (*a*) Jobbers should be excluded from the engagement and dismissal of labour (page 24). †

(*b*) Wherever the scale of the factory permits it a labour officer should be appointed directly under the General Manager. His main functions should be in regard to engagements, dismissals and discharge (pages 24–25). †

(*c*) Where it is not possible to employ a whole-time labour officer, the manager or some responsible officer should retain complete control of engagements and dismissals (page 25).

(*d*) Employers' associations in co-operation with trade unions should adopt a common policy to stamp out bribery (page 25). †

3. Where women are engaged in substantial numbers, at least one educated woman should be appointed in charge of their welfare and supervision throughout the factory. She should be remunerated on a salary and not a commission basis and should be responsible to the labour officer or, if there is no

* See article on Movements of Population between Bombay and the West Coast in March 1930 *Labour Gazette* (pages 718–726) and the Labour Office Reports on Enquiries into Working Class Family Budgets for Bombay, Ahmedabad and Sholapur.

† See circular re. Reforms in Internal Administration in Bombay Mills in January 1930 *Labour Gazette* (pages 470–472).

labour officer, to the manager for the engagement and dismissal of all female staff (page 26).

4. Workers should be encouraged to apply for definite periods of leave and should go with a promise that on their return at the proper time they will be able to resume their old work (page 26). *

5. Wherever possible, an allowance should be given to the worker who goes on leave after approved service (page 27).

6. The education of the industrial worker should receive special attention, but, in preference to concentrating on the education of half-timers employers should try to develop the education of their workers' children in their factory schools (page 28).

7. In applying compulsory education.

* * * *

Employers might assist by lending buildings by equipping schools and in other ways (page 29).

8. The textile industries should endeavour to secure apprentices with a preliminary education (page 30).

9. The Indian Jute Mills Association should combine to maintain a part-time school for selected adult and adolescent workers. Wherever there is a concentration of industry, the possibilities of similar co-operative action deserve examination by employers (page 31).

9 A. Employers' associations might consider possibility of granting technical scholarships to selected men (page 31).

10. Where any comprehensive scheme for reducing staff is contemplated in an industry, the introduction of a joint scheme of unemployment insurance, *e. g.*, the one outlined by the Fawcett Committee of 1928-29, should be considered (page 35) †

* See article on Length of Service of Cotton Mill Workers in Bombay City in January 1930 *Labour Gazette* (pages 457-462).

† See Report of the Bombay Strike Enquiry Committee, 1928-29, Vol. I (pages 159-161) or March 1929 *Labour Gazette* (pages 684-685).

Chapter IV.—Hours in Factories.

19. Employers should arrange to give children at least one rest interval (page 53).

Chapter V.—Working Conditions in Factories.

27. (*a*) Employers should study methods of reducing temperature (page 57) $.

29. Advance might be made along the lines of the Safety first Movement in all branches of Industry (page 61.) *

36. Creches should be provided for children up to the age of 6 years where considerable numbers of women are employed (page 66.) †

37. The provision of shelter for rest and refreshment is in many cases necessary and the possibilities of workers' canteen should be examined with a view to their wider adoption (pages 66–67.) ‡

Chapter VIII.—Mines.

93. A Labour Officer should be appointed in each important mine (page 120.)

94. Management should arrange for wages not to be paid on a rest day; failing such arrangement Government should prohibit the practice (page 121.)

100. Employers should experiment with 10, 9 and 8 hour shifts during the period before the Act is re-examined (page 126.)

$ See Report on Humidification in Indian Cotton Mills by T. Maloney, Secretary, Millowners' Association, Bombay.

* See the Annual Factory Reports for the Presidency of Bombay.

† See *Labour Gazette* for July 1930 (pages 1136–1143) and pamphlet on Creches in Factories in the Bombay Presidency by T. J. H. Cama, Lady Inspector of Factories and T.W. Johnstone, Chief Inspector of Factories, Bombay Presidency, or October 1931 *Labour Gazette* (pages 153–157.)

‡ See September 1930 *Labour Gazette* (pages 55–63), February 1931 *Labour Gazette* (pages 585–593) and the article on Welfare Work in the Lancashire Cotton Trade in the *Indian Textile Journal* for August 1931 (pages 400–401 and 406)

102. (*a*) Employers should reserve vacancies occurring among surface workers for women excluded or about to be excluded from underground workings (page 128.)

(*b*) The system of selecting women for exclusion from underground workings should be considered by employers, workers and the inspectorate jointly (page 129.)

104A. (*a*) Owners and managers of mines should ensure the new-comer not being started at work except under skilled supervision.

(*b*) In stone and similar quarries increased supervision of the use of explosives is specially necessary (page 131.)

105. The ordinary miner should be encouraged to qualify in first aid (page 131.)

Chapter XI.– Transport Services and Public Works.

167. Tramway Companies should endeavour to restrict working hours to 54 a week and so to arrange the hours of duty as to compel the workers to take one day's rest in seven (page 190).

Chapter XII.– The Income of the Industrial Worker.

172. As far as possible the regular worker should be substituted for the irregular worker (page 211).

177. Every effort should be made to put into operation a policy of standardised wages in the Bombay cotton mills (page 215).*

Chapter XIII.– Indebtedness.

189. Periods of wage payment:—

(*a*) Employers should adopt a system of weekly payment (page 240).

* See Report of the Bombay Strike Enquiry Committee, 1928-29 Vol. I, or March 1929 *Labour Gazette* (page 682-684) and Report on an Enquiry into Wages and Hours of Labour in the Cotton Mill Industry, 1926 (Appendix B).

202. (*a*) Where piped water supplies are not available special precautions as to purity should be taken.

(*b*) Where industry begins to develop into new area, it should be the duty of employers to provide suitable water for their workers.

(*c*) Where development takes place on the outskirts of a municipal area the industry and the municipality should co-operate to avoid competition for available sources for the supply of water (page 255).

205. There should be a more general extension on the part of the employer on welfare work in its broader sense (page 260).†

206. A hospital of any size should have a woman doctor on its staff who should be in charge of all activities dealing with the health and welfare of women and children (page 261).

208. In the larger jute and cotton industrial areas, mills and factories should organise in groups, each establishment having its own welfare centre and health visitor under the supervision of a woman doctor employed by the group (page 262).

209. In the larger industrial areas Government, local authorities and industrial managements should co-operate in the development of child welfare centres and women's clinics. Government should give percentage grants for approved schemes (page 262).

210. Trained midwives should be obtained for work in welfare and maternity centres (page 263).

† See *Labour Gazettes* for January 1927 (pages 432-448) and January 1930 (pages 470-472) and the article on Welfare Work in the Lancashire Cotton Trade in the *Indian Textile Journal* for August 1931 (pages 400-401 and 406).

Chapter XV.—Housing of the Industrial Worker.

214. More attention should be given to housing, water supply, drainage and latrines in metalliferous mining areas (page 281).

216. The scheme of the Tata Iron and Steel Co., and of the Tinplate Company at Jamshedpur whereby loans are advanced to workers to enable them to build their own houses under supervision should be more widely adopted (pages 282–283).

218. The psychological effects of segregation should be taken into consideration in planning future developments of the kind at Jamshedpur and Kharagpur (page 285).

228. Every efforts should be made to evolve cheaper types of houses (page 294).

229. Co-operative building societies and similar activities should be encouraged (pages 291–292).

230. Schemes for the erection by workers of their own houses should be encouraged but a certain degree of supervision is essential (page 292).

Chapter XVII.—Trade Unions.

257. Every employers' organisation should set up a special committee for the purpose of giving continuous consideration to the improvement of the well-being and efficiency of the workers in establishments controlled by its members (page 317).

258. "Recognition" should mean that a union has the right to negotiate with the employer in respect of matters affecting either the common or individual interests of its members. The fact that a union consists only of a minority of employees or the existence of rival unions are not sufficient grounds for refusing recognition (page 324).

260. Union leaders should endeavour to give as many members as possible some share in the work of the union (page 327). *

261. (*a*) Trade union organisers should endeavour to find suitable men within the union to act as officials and should train them for the position (page 329).

(*b*) The training should commence before the selected man leaves his employment and he should be assisted to improve his general education (page 330).

Chapter XVIII.—Industrial Disputes.

267. Works Committees:—

(*a*) Where there is a trade union, the employer should seek its collaboration and co-operation in the establishment and working of works committees which should not be regarded or used as rivals to its influence (pages 342–343).

(*b*) The workers' representatives should have facilities for separate as well as for joint meetings, and such meetings should ordinarily count as working time (page 343).

(*c*) The range of subjects should be as wide as possible (page 343).

(*d*) The management must be in sympathy with the idea and determined to make the committee a success. The services of a labour officer, where one exists, should be utilised in the working of the committee but he should not act as a spokesman of employers (page 343).

268. In many centres the organisation of joint machinery would go far to develop a sense of responsibility in trade unions. The organisation should include not only some joint committee

* See Annual Report of the Ahmedabad Textile Labour Association for 1930.

or council within the individual establishment, but also a larger body of representatives of both sides of the industry in the centre concerned (page 344).

Chapter XXIV.—Statistics and Administrations.

344. The possibilities of experimental work with a view to discovering means of improving output and efficiency should be considered by large individual employers and by associations of employers (page 449).

Letter No. 537, dated 22nd April 1932 from Chamber to the Labour Office.

With further reference to your letter of the 8th December 1931, on the above subject, as you are aware, the Committee of this Chamber had expressed their views on questions which had engaged the attention of the Royal Commission both in their written memorandum to, and the oral evidence of their representatives before the Commission. They do not, therefore, think it necessary at present to go into the details of all the recommendations referred to in your letter. Government might, however, in near future, arising out of these recommendations, be bringing forward legislation in the matter. My Committee would then take an opportunity of examining such legislative measures, when they are placed before the Houses of Legislature, and express their views on the same.

APPENDIX 42.

Amendment of Indian Factories Act.

Letter No. 9073-D, dated 27th June 1932 from Government of Bombay, Political Department to Chamber.

I am directed by the Governor-in-Council to forward herewith a copy of the Resolution No. 9073, dated the 27th June 1932, on the subject noted above and to request that you will

be so good as to favour Government with the views of the Chamber not later than the 1st October 1932 on the provisions of the Bill accompanying it. I am to request that the reply may be sent direct to the Collector of Bombay.

Indian Factories Act.

REVISION OF THE—

GOVERNMENT OF BOMBAY.

POLITICAL DEPARTMENT.

Resolution No. 9073.

Bombay Castle, 27th June 1932.

* *Letter from the Government of India, Department of Industries and Labour No. L-3012, dated the 10th June 1932, with the Draft Factories Bill.**

RESOLUTION :—Copies of the letter from the Government of India and accompaniment should be forwarded to the Officers and public bodies named below and they should be requested, except the Director, Labour Intelligence, to communicate their views on the Bill direct to the Collector of Bombay (Factory Department) by the 1st October 1932 at the latest.

2. The Collector of Bombay should be requested to forward to Government by the 1st November 1932 the replies of the Officers and bodies consulted along with the remarks of the Chief Inspector of Factories on the opinions expressed by them. The Chief Inspector of Factories should be requested to examine in detail the matter referred to in paragraphs 11–14 of the Government of India's letter.

By Order of the Governor-in-Council,
C. W. A. TURNER,
Secretary to the Government of Bombay,
Political Department. G. R.

* The Bill is not printed here but can be referred to in Chamber's file R. 78 of 1932.

Letter No. L/3012, dated 10th June 1932 from the Government of India to all Provincial Governments.

I am directed to address you regarding the revision of the law relating to factories with special reference to the recommendations of the Royal Commission on Labour.

2. The principal change which the Commission advocate in the character of the Factories Act lies in its modification so as to discriminate in certain important matters between different classes of factories. All the substantive Sections of the present Act apply equally to a large factory employing thousands of persons with elaborate machinery and to a small one employing 20 persons working with simple appliances; they apply equally to the factory working steadily throughout the year and to the factory which can work only for a brief season. Further, if it is found necessary to regulate in any manner the factories which do not use machinery or which do not employ as many as 20 persons, the only method available is the application to them of the Act as a whole. It is only by use of the exempting provisions that any discrimination can be lawfully exercised. The Commission observe that "the present Act takes too little account of the differences between certain classes of factories, and one consequence of this defect is that, in some directions, it has to be unduly elastic". Remarking that the Act makes little distinction between seasonal and non-seasonal factories, they consider that the former class has tended to secure in matters of exemption and enforcement an amount of latitude which is not accorded to other factories. The aim, in their view, should be to establish standards for seasonal factories which may differ from those applicable to perennial factories, but which will be enforced with as much vigour as is applicable to the latter. Similarly, in respect of the smaller power factories, few of which are at present regulated, they propose another differentiation. In place of the present provisions which give local Governments the choice between applying the whole of

the Act or none, they recommend the application of certain provisions automatically with power to apply other provisions as and where the need arises. Finally for factories not using power, nearly all of which are at present unregulated, they propose a new and separate Act.

3. Their recommendations fall into two groups, according as they involve the alteration of the law applicable to factories already subject to regulation and the extension of regulation to factories which are at present unregulated. The latter group of proposals raises questions of difficulty, especially at a time when financial considerations make it impossible to contemplate any substantial increase in the strength of the inspecting staff. For this and other reasons the Government of India propose to discuss the two groups of recommendations separately. The present reference is designed to elicit opinions only on the first group of recommendations, *viz.*, those relating to such alterations in the law as do not involve any addition to the number of factories and workshops which will be subject to it. On the second group of proposals a separate reference will be made later.

4. In order to enable the effect of the former group of recommendations to be clearly seen, the Government of India have embodied them in a draft Bill which is appended to this letter. The inclusion of a provision in this Bill should not be taken as denoting that the Government of India approve the principle of the provision; the Bill is designed primarily for the eliciting of opinions. It will be observed that the Bill is both a consolidating and an amending Bill. The Factories Act has already been amended to such an extent that but little of the original measure remains on the statute book, and if a substantial number of amendments have now to be made, it will be more convenient for all concerned with the administration of the law to have a self-contained enactment. The Bill is therefore in the form of a measure replacing the

original Act of 1911 and the amending Acts of 1922, 1923, 1926 and 1931. Departures from the existing law are shown in the Bill in italics, and it is on these proposed changes that opinions are especially desired. Their object will be sufficiently clear in most cases from the notes appended to the Bill, which contain references to the portions of the Commission's Report in which they are discussed, and also comments by the Government of India. There are two questions, however, which, in view of their importance require a fuller discussion, namely, the change recommended by the Commission in the ordinary limits for adult hours and the provisions for exemption.

5. So far as the reduction of hours is concerned, the Commission's recommendation is applicable only to perennial factories. In seasonal factories they recommend the maintenance of the existing limits of sixty hours weekly and eleven hours daily, a proposal with which the Government of India are provisionally in agreement. The case for and against reduction is set out at length in their Report in which it should be studied. The initial discussion will be found on pages 37 to 46 of the Report; Sir Victor Sassoon's minute, setting out his objections; is on pages 478-480, and to this the majority have appended a rejoinder (pages 488-489) which clarifies their position on the question. The Government of India, do not propose to traverse the ground again in detail, but they desire to set down what seem to them the salient points in this connection. It is important to remember, at the outset, that large sections of Indian industry ordinarily demand of the workers substantially shorter hours than the maxima permitted by the Act. Even before the present depression, it is probable that the working day for the majority of factory operatives was not more than 9 hours. The Commission's discussion of the case is accordingly directed to those industries and notably the cotton textile industry, which take full advantage of the hours permitted by the Act.

6. In respect of such industries, there are two aspects of the case to be considered, *viz.*, the effect of a reduction on the position of the operatives and the effect of a reduction on the position of the employers. As regards the operative, there can be no question of his need for a shorter day and of the advantages he will gain, provided that the reduction does not entail an undue monetary sacrifice. A system which requires him to spend eleven hours in the precincts of the factory, apart from the time occupied in going to and returning from work, is one which calls for reform, if it can possibly be accomplished. But the loss of an hour from the working day must mean, unless the operative can produce an equivalent amount in the shorter time or the employer is prepared to pay a higher rate of wages, a reduction in earnings. Sir Victor Sassoon expresses the view that it will not be practicable to shorten hours in the textile industry without increasing wages to a corresponding degree. The majority of the Commission, on the other hand, definitely contemplate a reduction in wages, at any rate at the outset. The Government of India doubt if employers in any substantial Section of industry can at present grant an appreciable increase which is not earned by increased production, and, if this is so, the possibility of avoiding dislocation by increasing wage-rates cannot be seriously considered. It should be remembered in this connection that piece rates, where they are in force, should operate to minimise the difficulties of adjustment.

7. Assuming that the wage-rates, *i. e.*, the rates of payment per unit of output, were maintained and hours were reduced, some increase in the rates of earnings per hour might be expected. The view that the 10 hour day, where it is in operation, is only a nominal day has the support of responsible employers, and few will contest the view of the Commission that "it is impossible for the average operative to remain at work regularly through a 10 hour day either in a cotton mill or in any other factory." Some adjustment,

therefore, is possible in the form of concentrating the actual hours of work for the individual operative into a shorter space, *i. e.*, in reducing the appreciable amount of time at present spent away from work in what are nominally working hours. If, as many employers believe, the effort of the operative is influenced largely by his desire to earn a more or less definite sum, the reduction of hours should have an immediate effect in increasing efficiency, and it would certainly render possible an increase in efficiency which cannot be demanded with existing hours. Even so, it seems probable that there will be many operatives who will have to face a reduction of earnings, at least until there has been time for them to adjust themselves to the new conditions. But, as the Commission have observed in this connection, the general level of real wages has risen apparently owing to the fall in prices, and it appears to be substantially above the level prevailing a few years ago. In consequence, a reduction in individual earnings could be made without bringing them back to that level.

8. As regards the effect upon employers, there is one essential difference to be borne in mind. A reduction of hours is for the operative an absolute reduction; the number of hours available to him for production is definitely diminished and his production can only be maintained by the attainment of a higher standard of work. For the employer the reduction need not be absolute. He has, in theory, the whole of the 24 hours still available for production; in practice it should be possible for many employers, by engaging additional operatives and adjusting the hours of work, to reduce the hours of the individual workers while maintaining or increasing the hours of production. Provided that the employer is not compelled to increase wage-rates or to curtail the aggregate hours worked, the number of men who contribute to these hours is for him a matter of secondary importance. Actually, in important sections of industry such as the cotton-textile

industry, the number of men in employment at present is substantially in excess of the number that would be necessary if every man remained on duty throughout working hours; and where this is the case, the regularization of the unauthorized intervals offers an obvious opportunity for adjustment. Apart from the compensation which can be obtained in this manner, and the increase in the rate of production which a shorter day should bring the Commission lay stress on the increased production which is possible by increasing the total hours worked by the factory by the employment of separate shifts. Indeed, since they examined the question, the cotton-mill industry in various centres has tended to resort to this method for increasing production. In a few cases, hours for the individual have been reduced to 9 and even 8; but most of the mills require even the night shift to work 10 hours. This development, which was anticipated by the Commission, affords an additional reason for considering the reduction of hours, for it is generally recognized that night shift working involves an extra strain on the operative.

9. The difficulty which confronted many employers in the past in connection with proposals to restrict the hours of work was that of finding adequate extra labour to compensate for the shorter hours of individual workers. That difficulty can hardly be said to exist at present; the supply of labour in most centres is more than adequate to any demand that is likely to arise as a result of a reduction of hours, and the distribution of the demand over a large number of workers might do something to alleviate hardship during the present time of stress. The Government of India do not doubt, therefore, that if the conclusion is reached that a reduction of the maximum hours is in the interests of the country as a whole, the present time is in several respects well suited to its introduction. A reduction in earnings is a serious matter for operatives and the necessary adjustments must be attended with some difficulty both for employers and for

workers at any time. But whether the situation is examined from the point of view of the employers, of the employed or of those seeking employment, there is now a more favourable opportunity of effecting a change than there has been at any time in the past.

10. The majority of the Commission recommend for most perennial factories, a weekly limit of 54 hours and a daily limit of 10 hours; the minority propose limits of 48 and 8 hours respectively. The arguments for these views are set out on pages 44—46 of the Report. The Government of India consider that, if a reduction is to be made, the advantages of limiting the reduction, for the present at any rate, to that advocated by the majority are obvious. The majority add "we would allow factories working on continuous processes or supplying articles of necessity which have to be supplied every day a 56 hour week, subject to their giving the operative an average week of not more than 54 hours and conforming, in respect of holidays, to the provisions we recommend later". The appended Bill embodies the recommendations of the majority of the Commission.

11. I am to invite special attention also to the question of the exempting provisions. In the draft Bill some minor changes of substance have been made in these. Thus the existing Section 32 has been omitted; in so far as the factories mentioned in them satisfy the conditions mentioned in Section 30 of the Act, they can secure the necessary exemptions, and there would seem to be no justification for a wider latitude than that section permits. Again, Chapter V of the draft, no longer contains provisions for exemption from the requirements of registration, at present embodied in Section 26. This change is consequent on the omission of that Section in its present form and the insertion of other provisions, to which reference is made below. A new Section, limiting exemptions in respect of the period for which

they are operative, has been added on the recommendation of the Labour Commission. A Section has also been added to provide for maximum limits of overtime. Such provision is made obligatory by the Washington Hours Convention, and limits are at present prescribed by rules in most provinces; but doubts have been cast in some provinces on the validity of these rules. The other alterations are almost entirely consequential.

12. But while the Government of India have left the main principles governing exemptions, embodied in Section 30 of the Act (Clause 44 of the Bill) unaltered, they are anxious that these also should be closely scrutinized. If the Act is altered on the lines proposed by the Labour Commission, the main classes of factories mentioned in Clauses (*c*), (*d*) and (*e*) of the Section will be granted, in certain respects, by the substantive provisions of the Act, a degree of latitude not allowed to other factories. Although it must be emphasized that even the special provisions proposed for these factories will in no case place them in a more favourable position than they at present enjoy, it might be possible and desirable to reduce the range of exemptions applicable in such cases. A further point which deserves examination is the possibility of fixing statutory limits of overtime in the Act, instead of leaving them to rules. There is an absolute limit, under the present Act, of 11 hours per day for women. In the case of men, while an absolute daily limit is probably undesirable, there would be advantages in fixing a uniform limit to the possible extension of weekly hours.

13. In one important respect the recommendations of the Commission have been varied in the Bill. On page 64 of their Report, the Commission suggest that, following the principle embodied in British legislation, local Governments should be empowered in general terms to pass orders appli-

cable to particular classes or groups of factories relating to welfare. "Welfare" is a wide term and the Commission have given some indication of the variety of subjects which can be included under this head. The Government of India are provisionally opposed to such a wide extension of the rule-making power as this recommendation would involve. They consider it preferable and more in consonance with the principles underlying the Act, that fresh requirements of the kind regarded by the Commission as desirable should have the approval of the Legislature and should not be imposed on factory-owners by the executive Government. While, therefore, they have embodied in the draft Bill amendments designed to carry out the specific recommendations of the Commission in respect of welfare, they have not made provision for any such general order-making power as the Commission contemplated.

14. The proposals made by the Labour Commission relating to factories have now been before the public for nearly a year and those concerned have doubtless formulated provisional conclusions with regard to them. There are, however, certain other amendments in the draft Bill which do not arise out of the Commission's recommendations. In particular attention is invited to Clauses 51 and 52 which represent an endeavour to recast Sections 26, 35 and 36 of the existing Act. The reasons for these and such other changes as have been made are explained in the comments appended to the Bill. The Government of India will also be glad to consider any suggestions for the improvement of the law, whether these relate to Sections which have been amended in the draft Bill or to those left unaltered. I am to request that copies of this letter and its enclosures may be forwarded to associations of employers and employed and to such other organizations or individuals as are likely to be interested in them and that the Government of India may be favoured with the opinions received and with the

views of His Excellency the Governor-in-Council not later than the 1st December 1932.

Letter No. 1989, dated 23rd November 1932 from Chamber to Government of Bombay.

Indian Factories Act—Amendment of—

With reference to your letter No. 9073-D of the 27th June, 1932, forwarding a copy of a letter from the Government of India, Department of Industries and Labour, No. L. 3012, dated the 10th June, 1932, regarding the revision of the Factories Act, I am directed to submit hereby the views of the Committee of the Indian Merchants' Chamber with regard to the same :—

" Since the formulation of the Factories Act in the year 1911 it has been amended several times, and looking also to the recommendations of the Royal Commission on Labour, my Committee recognise that there has been felt a necessity for consolidating legislation relating to Factories, and welcome, therefore, the Bill circulated by the Government of India with their letter as an attempt in that direction.

Section 9 :—My Committee are of opinion that the proviso to Sub-section (1) of this Section should be deleted. The height of a person cannot be considered as a right test for his or her health, and any certificate on this score will be misleading and may give rise to a good deal of complications.

Section 15 :—My Committee are in favour of this Section provided, however, that the actual standard of cooling power, required for the comfort of operatives, of the atmosphere in a factory be laid down for different seasons and different places in consultation with the factory owners and operatives.

Section 20 :—Such a shelter for rest shall be provided in a factory, whenever space is available.

Section 31 :—My Committee strongly approve of this Section, which is very desirable and essential from the point of

view of children, who would otherwise be left uncared for. Industrialisation is proceeding well, and if it is to go on right lines, the social, physical and moral conditions of children should be safeguarded.

Section 32, (2):—This interferes with interlocking shifts, and so my Committee suggest that it should be suitably amended. In the case of women and children, the period should be eight hours, including hours between 10 p. m. and 5 a. m.

Section 40:—My Committee reiterate their views before the Royal Commission on Labour, as under:—

> "My Committee apprehend that efforts may be put forward both before the Commission and outside to get the hours of work reduced. Reduction of hours would only be possible, if wages could be reduced or if there was a substantial increase in the efficiency of the work-people. Reduction of wages is not a practical proposition, and therefore the only alternative left is in the direction of increased efficiency. In comparison with all European countries, and even an Asiatic country like Japan, the efficiency of the work-people in India is low, and if a radical alteration could be effected in that direction, my Committee would support the demand for a reduction of working hours".

Section 48:—My Committee are opposed to this Section, which was not recommended even by the Whitley Commission. Overtime is resorted to only in exceptional circumstances, and higher rates of wages have to be paid for it, and my Committee trust that there will be no reduction as to overtime work, at least so far as adult males are concerned. My Committee are pleased to note that Government recognise the undesirability of an absolute daily limit in overtime worked by men, and they are of opinion that there will be no necessity of fixing a limit to the extension of weekly hours.

Section 51 :—My Committee suggest that Sub-sections (3) and (4) of Sections 51 should be deleted, as in their opinion there does not appear to be any necessity for taking the sanction of the Inspectors, as also for the long wait which is provided for by the Sub-sections regarding any change in the system of working in the factories; and my Committee cannot see any reason why Factory Inspectors should be made judges of the desirability or otherwise of the different rules which make up the standing orders.

Section 52 :—The same objections as are specified with regard to the above Section hold good with regard to this.

Section 59.:—My Committee object to Sub-section (2) of this Section, as they feel that no case is made out for these additional penalties.

APPENDIX 43.

Tea Districts Emigrant Labour Bill.

Letter No. L. 3003, dated 26th April 1932 from the Labour Office, Bombay to Chamber.

I am directed to forward a copy of the Government of India, Department of Industries and Labour, letter No. L. 3003, dated Simla, the 2nd May 1932 on the above subject, together with its accompaniment, and to request you to favour Government with your views on the Bill.

2. I Shall be glad if you will kindly arrange to send your reply so as to reach this office not later than the 1st July 1932.

Letter No. L. 3003, dated 2nd May 1932 from the Government of India, Department of Industries and Labour to the Government of Bombay.

I am directed to enclose a copy of the Tea Districts Emigrant Labour Bill* together with a copy of the debates

* The Bill is not printed here but can be referred to in Chamber's file R. 88 of 1932.

in the Legislative Assembly on the 5th April 1931 on a motion to refer it to a Select Committee. The Hon'ble Sir Joseph Bhore in making the motion, undertook on behalf of Government, to circulate the Bill by executive directions for eliciting opinions thereon.

2. The existing law and the scheme and objects of the Bill are fully explained in the Statement of Objects and Reasons and the Notes on Clauses. I am to request that the Governor-in-Council will favour the Government of India in this Department with an expression of his opinions on the provisions of the Bill and with the opinions of the Hon'ble the Judges of the High Court and of such selected officers and other persons as the Governor-in-Council may think fit to consult on the subject.

3. I am to ask that the reply to this letter may be sent in not later than the 31st July 1932.

Letter No. 1045, dated 28th July 1932 from Chamber to the Labour Office, Bombay.

I am directed by the Committee of this Chamber to send their views with reference to the Tea Districts Emigrant Labour Bill, referred to in your letter of the 30th May, 1932, No. 1722.

My Committee welcome the announcement by the Hon'ble Sir Joseph Bhore of the acceptance by Government of the three cardinal principles which should govern such emigration; (1) removal of restrictions on and impediments to the free movement of labour; (2) power to exercise control over the forwarding or the recruitment of labour to Assam or both; and (3) right of repatriation. The difference between a law of this character in present times, and laws which governed emigration in the past, should be, in the opinion of my Committee, that, while in the past the restrictions, were against labour, the restrictions, if any, should in future be against employers. In the past legislation regarding labour is Assam had a good

deal of abuses connected with it and well-informed and impartial critics have referred to labour conditions on tea plantations as prevailing even at present as being so degrading as to approximate to slavery. One can well imagine therefore, what must have been those conditions when it was considered criminal on the part of labourers to break their contract and go away. In the year 1927, a delegation consisting of Messrs. Purcell and Hallsworth, sent up by the British Trade Union Congress, made the following comment:—

> "Our view is that, despite all that has been written, the tea gardens of Assam are virtually slave plantations, and that in Assam tea the sweat, hunger and despair of a million Indians enter year by year."

While the Bill has tried to meet the demands of modern times for better conditions to some extent, specially as put forward by the Royal Commission on Labour, it has failed to provide for a guarantee of a reasonable standard of life and work to the labourers during the years of their stay in the gardens. The important questions of hygiene and sanitation have been left almost untouched. It is a surprising thing to read that while there are about 900 tea gardens in Assam, there is not a single Labour Organisation to protect the interests of the Labourers. This condition may well be contrasted with the conditions prevailing in the much-abused cotton industry, for instance, where there are several well-organised and systematically conducted trade unions and there is such a vigilant watch kept both by the leaders of Labour and by Government. The reason for this absence of trade unions must be sought in the rule that the outside public has no right of access to the labour lines. While the tea planters spend enormous amounts of money in their recruiting campaign for securing labour, they overlook one factor which will, without all this expenditure, secure to them good labour, *viz.*, satisfactory wages and satisfactory conditions of life. There have been provisions for schools, supply of water, arrangement of hospitals, mainten-

ance of the estates and lines in a fair and sanitary condition, etc., in the Labour Code of Malaya, as well as in Ceylon, and there is no reason why, while Government are drafting a new legislation for Labour on tea plantations, they should not make it as comprehensive as possible.

My Committee would not go so far as to say that both the Controller and the Deputy Controller of Emigrant Labour should be parties nominated by the Trade Union Congress, but they would beg to suggest strongly, in conclusion, that both of them should be Indians with experience of work for labour and known for their sympathies with the labouring classes. Non-Indians cannot, by the very nature of things, understand the life and the problems and social conditions of these tea labourers, whose interests they will be expected to guard, and if they are not cognisant of these conditions, it is but natural that they will not be able to do any good work. Furthermore, the Controller must be given wide powers to decide questions connected with repatriation. Provision to this end must be made in the Bill. Repatriation must be conceived in a broad spirit, and in cases where labourers are not able to return to their native places for reason of want of funds for the return journey, the Officer must be enabled to make necessary arrangements.

APPENDIX 44.

Maternity Benefit Act (Bombay) Amendments to—

Letter No. 8574 B, dated 2nd December 1931 from Government of Bombay, Political Department to Chamber.

I am directed to say that Government have received suggestions to carry out certain amendments to the Bombay Maternity Benefit Act VII of 1929. The suggestions are embodied in the accompanying note. I am to request that the views of the Chamber with regard to the amendments may be communicated to Government.

Note indicating the suggested Amendments to the Bombay Maternity Benefit Act.

The rate of maternity benefit prescribed in Section 5 of the Act is eight annas a day. The rate is uniform throughout the Presidency. The wages of women workers vary from place to place and in the mofussil the average earning of a women is less than eight annas a day. The rate of eight annas a day appears appropriate only to Bombay City and Ahmedabad. It has therefore been suggested that Section 5 of the Bombay Act should be amended on the lines of Section 4 and Rule 8 of the Central Provinces Act which allow payment of maternity benefit at the rate of eight annas a day or at the rate of average daily earnings whichever is less.

According to the Bombay Act, the maximum period for which a woman shall be entitled to the payment of maternity benefit is seven weeks. The Royal Commission on Labour have recommended that the maximum period should be eight weeks. It has been urged that the recommendation of the commission should be given effect to.

The qualifying period for being eligible for maternity benefit prescribed in Section 5 of the Bombay Act is six months' employment. It has been suggested that the period should be raised to nine months in accordance with the recommendation of the Royal Commission on Labour.

It has been suggested that in calculating the average daily earnings, the money value of the grain concession where it is allowed should be taken into consideration in calculating wages and that the daily rate should be worked out to the nearest quarter of an anna.

According to Section 4 of the Central Provinces Act, the rate of average daily earnings of a woman is calculated on the total wages earned during a period of three months preceding the day of her confinement. It has been urged that the earnings of a woman worker decline especially in the days of her advanced pregnancy. It has therefore been suggested that the date on

which a woman worker gives notice under the Act should be the end of the period over which wages are calculated.

Section 6 (3) of the Bombay Act contemplates payment of maternity benefit in instalments. There would be no objection to this if the women workers remained in their place of employment to draw the benefits. Many women however go to some remote part of the mofussil for their confinement and it has been represented that under certain conditions some women are prevented from adopting the procedure contemplated in Section 6 (3). It has accordingly been suggested that the alternative of a lump sum payment should be legalised.

The preparation and maintenance of the muster roll under Section 14 (2) (*a*) of the Act has been presented by some factory owners. The factories have to maintain muster rolls under the provisions of the Factories Act and these are sufficient to check employment. It is alleged that the maintenance of a second muster roll under the Maternity Benefit Act involves unnecessary duplication of record keeping. It is suggested that the Act should require the maintenance of a register and also permit the use of a combined muster roll and register on the analogy of Section 35 of the Factories Act.

Section 15 of the Act requires that a copy of the provisions of the Act and the rules thereunder in the local vernacular shall be exhibited in conspicuous place by the employer in every factory in which women are employed. It is found that sufficient publicity is not ensured by this method. It has therefore been suggested that this Section may be amended to require all factories emlpoying women to post an 'Abstract of the Act and Rules' in all parts of factories where women are employed.

Letter No. 300, dated 4th March 1932 from Chamber to Government of Bombay.

I am directed to refer to Government letter No. 8574-B, dated 2nd December 1931, on the above subject and in reply to send to you hereby the views of my Committee on the suggestions regarding amendments proposed to the Bombay Maternity Benefit Act.

(1). My Committee are unable to agree to the change proposed in the rate of benefit prescribed in Section 5 of the Act so as to allow of payment of benefit at the rate of eight annas a day or at the rate of average daily earnings whichever is less. My Committee hold that the present scale of eight annas per day is fair and no attempt should be made to reduce the same.

(2). My Committee welcome the suggestion to increase the period for which a woman is entitled for payment from seven weeks to eight weeks.

(3). Regarding the proposal to increase the qualifying period, for being eligible, from six to nine months, my Committee approve of the recommendation of the Royal Commission on Labour. They may, in this connection, be permitted to point out that such a change is desirable even in the interest of employees as an applicant for employment who is in the initial stage of pregnancy is otherwise likely to be rejected by a prospective employer, for the fear that for a mere six months' service, maternity benefit will have to be paid.

(4). My Committee are opposed to the suggestion for payment of benefit in a lump sum. The amount, if so paid, is liable to be spent otherwise and the purpose for which the same was meant might not be served. In this connection, however, my Committee suggest the following change in the procedure in paying the benefit in instalments. At present the benefit is paid in three instalments, the first of them within 48 hours of birth. It would be desirable that the beneficiary should have a portion of the benefit a few days before birth, on production of medical certificate, so that the amount may be useful in giving the patient special food, etc., which every confined women needs. My Committee therefore suggest that provision might be made for the payment of such an early instalment.

(5). My Committee are agreeable to the suggestion in connection with the maintenance of a combined Muster-roll and Register, giving such additional particular as are necessary for the purpose of the Act.

APPENDIX 45.

Workmen's Compensation Act-Bill to Amend.

Letter No. 836, dated 19th March 1932 from the Labour Office, Bombay to Chamber.

I am directed by Government to forward herewith for your information a copy of the Government of India, Legislative Assembly Department, letter No. F-112-1-32/A, dated the 11th March 1932 with its enclosures on the above subject, and to request you to furnish this office with the views of your Chamber on the provisions of the Bill.*

2. I shall be glad if you will kindly arrange to send in your reply at an early date, at any rate not later than the *15th May 1932.*

Letter No. 715, dated 16th June 1932 from Chamber to the Labour Office, Bombay.

I am directed by the Committee of this Chamber to send their views hereby with regard to the above Bill, in reply to your letter No. 835, dated the 19th March 1932.

My Committee have always shown a willingness to respond to any call which may be made for the amelioration of the condition of Labour in this country Whether such calls have their origin in any proposals initiated at Geneva or initiated in Simla or Delhi, my Committee have always carefully considered them and tried to support them if they are really in the interests of Labour. At the same time, they are now obliged to consider that while the rate of wages has risen in the Bombay cotton mill industry by more than 100 per cent. between 1914 and 1925 and has practically remained at that level ever since, the cost of living has decreased by more than 30 per cent. The various industries have been passing through a period of crisis, due to political and economic reason, and it is but fair that they should not be called upon to bear a burden which may be beyond their powers of endurance. Care

* The Bill is not printed here but can be referred to in Chamber's file R. 30 of 1932 or in the Gazette of India for February 1932.

has, therefore, to be taken that any contemplated measures for ameliorating the condition of Labour do not result in any increased cost of production.

Clause 4:—My Committee consider it desirable that whenever the question of salary comes in for compensation purposes, the average for the whole year should be taken into account and not merely for the month. They are opposed to increasing the compensation allowances as provided for under this Clause. Even with regard to compensation for death resulting from injury, the maximum under the scale according to this Clause will be Rs. 4,500, which amount will be allowed to workmen drawing more than Rs. 200 per month and the minimum Rs. 600 for workmen earning not more than Rs. 18 per month. My Committee had in their previous representation suggested that the maximum amount of compensation should be Rs. 3,000 or 32 months' wages, whichever was lower, and would repeat that suggestion here.

Clause 6:—My Committee are opposed to the proposals laid down in this Clause.

Clause 7:—My Committee do not think that there is any harm in keeping records, and would, therefore, give their support to this Clause.

Clause 14:—My Committee do not see any reason why the deceased workman's dependant should be prevented from approaching the employer directly without seeing the Commissioner first. The Clause should, therefore, be deleted.

Clause 19 :—My Committee suggest the deletion of this Clause. They are not aware of reciprocal agreements between the different parts of the Empire with regard to this question or also if there have been any negotiations leading thereto. Under these circumstances, they regret they are unable to recommend a course, as laid down in this Clause, as they do not see what possible benefits it will confer. They consider the Commissioner a competent authority who will not distribute moneys in a negligent manner, and he may well be entrusted with the work of sending out compensation allowances to residents in other parts of the

Empire or foreign countries as he is doing with regard to residents in this country itself.

APPENDIX 46.

Employers' Liability—Workmen's Compensation.

Letter No. 512, dated 22nd February 1932 from Labour Office, Bombay to Chamber.

I am directed by Government to forward herewith for your information a copy of the Government of India, Department of Industries and Labour, letter No. L-3002, dated the 3rd February, 1932, together with enclosures on the above subject and to request you to furnish this office with your views in the matter.

2. I shall be glad if you will kindly arrange to send in your reply at an early date at any rate not later than the 15th of April 1932.

Letter No. L. 3002, dated 3rd February 1932 from Government of India, Department of Industries and Labour to all Provincial Governments.

I am directed to address you with reference to the recommendation made by the Royal Commission on Labour on pages 314-315 of their Report on the subject of employers' liability.

**Enclosure I.*—For convenience of reference an extract* from the Commission's Report is appended to this letter. With this will be found a copy of the

†*Enclosure II.*—Clauses † to which the Commission refer as having been eliminated by the Select Committee from the Workmen's Compensation Bill in 1923, and The observations $ made on

$*Enclosure III.*—The question by the majority of the Select Committee at that time. Three members in dissenting minutes took the view that instead of omitting the clauses, the Committee should have extended the application of their principle to all workmen. This is in effect what the majority of the Royal Commission have now advocated.

2. The two main objections taken by the majority of the Select Committee to the proposal were (1) that it was uncertain that the courts would accept the defences which the doctrines were designed to remove, and (2) that if the defences were inequitable they should be removed for all workmen and not for specified classes. The latter objection is met by the Commission's proposal. As regards the former, cases of the kind to which the proposed law would be applicable are naturally rare, but in the only reported case which the Government of India have been able to trace (9 A. L. J. 173) the doctrine of common employment was unhesitatingly applied.

3. The Government of India incline to the opinion that the defences in question are inequitable and they are therefore not disposed to attach much weight to the fact that they are seldom likely to be invoked or to any remaining doubt that there may be as to the readiness of the courts to apply them. The clarification of the law would in itself be an advantage. On the other hand, there may be some danger that a change in the law of the kind contemplated would lead to a number of the workmen who have claims for Workmen's Compensation being tempted to abandon these in favour of the more difficult and costly method of procedure in the civil courts. So far as most of those workmen to whom the Workmen's Compensation Act is or may be made applicable are concerned, the Government of India consider that that Act provides or should provide an adequate remedy and they agree with the view expressed by two members of the Commission that the extension of this Act represents the correct line of advance in social legislation of this kind. At the same time, none of the members of the Commission has advocated the extension of the Act to any persons in receipt more than Rs. 300 a month who are not already within its scope, and it is mainly for the benefit of the better paid workmen that the majority have proposed legislation.

4. The Government of India are therefore disposed to the view that legislation on the lines proposed by the Commission is desirable. But I am to suggest that in examining the proposal, consideration should be given to the possibility of limiting the

scope of the law so as to exclude all workmen covered by the Workmen's Compensation Act. Another alternative would be to include only such of these workmen who are in receipt of more than Rs. 300*. Either of the alternative suggested would remove the disabilities which may attach to those workmen who have only the remedy of a civil suit without giving encouragement to unwise litigation on the part of workmen who have alternative remedies.

5. I am to request that, with the permission of His Excellency the Governor-in-Council, the views of those interested may be elicited and a reply giving the opinion of the local Government may be sent to this letter not later than 1st June 1932.

ENCLOSURE I.

Extract from Pages 314-315 of the Report of the Royal Commission on Labour.

SUBJECT:—*Employers' Liability.*

Before concluding this chapter we deal with a question which, while not strictly a matter affecting workmen's compensation legislation, is connected with it. Persons injured by accident may have a remedy by a suit for damages against their employer in the civil court, and it is suggested that the law there applicable is inequitable because two defences may be evoked by the employer to defeat claims which he should justly be called upon to meet. One is the defence of "*common employment*" by which an employer can plead that an accident was due to the default of a fellow-workman, and the other is the defence of "*assumed risk*" by which an employer is not liable for injury caused to workmen through the ordinary risks of employment, and a workman is presumed to have assumed risks which were apparent when he entered upon his occupation. When the Indian Workmen's Compensation Act was first introduced, it had, in addition to the provisions for workmen's compensation, clauses designed to abrogate these defences in certain cases; but the Joint Select Committee of the Legislature deleted the clauses in

*NOTE.—The only such workmen are the better paid railway workers, to whom the Act does not give compensation proportionate to their pay; and although the commission observe in the appended paragraph that if their recommendations are adopted, the monetary limit will be applicable to all workmen, they have made no specific proposal to exclude such railway workers, and the Government of India do not contemplate such a step.

question, apparently because they were not satisfied that the doctrines to which we have referred, which were derived from the British common law, would be accepted by Indian courts. They observed at the same time that, if the doctrines in question were so accepted and were regarded as inequitable, they should be removed for all workmen and not for the limited classes to which the Workmen's Compensation Bill was to apply. Those who now advocate legislation have produced little evidence to show that the existing position gives rise to hardship; but it is possible that suits, are not pursued, because of the admitted ambiguity of the law and as the defences in question are in our view inequitable, there is need for ensuring that they cannot be invoked. It should be remembered that ordinarily the workman receiving more than Rs. 300 does not come under the Workmen's Compensation Act; and his only remedy is in the civil court; if our recommendations are adopted, the monetary limit will be applicable to all workmen. The majority of us consider, therefore, that a measure for this purpose should now be enacted, and that it might follow the lines of the clauses deleted, in 1923, but should, of course, be applicable to all workmen. Sir Victor Sassoon and Sir Alexander Murray point out that the Joint Select Committee likewise expressed the opinion, that it was on the whole wiser to restrict the scope of the Bill to workmen's compensation and to avoid anticipating a difficulty which might not arise. They adhere to this view and are not aware that there has been any change since 1923 to justify legislation of the type suggested. They consider that the substantial increases in the scales of compensation and the wide extension of the scope of the Workmen's Compensation Act, now recommended, not only reduce any need there may be for such legislation but also form the correct line of advance in social legislation of this kind.

ENCLOSURE II.

Extract of Clauses relating to Employers' Liability from the Workmen's Compensation Bill.

SUBJECT :—*Employers' Liability.*

Defence of common employment barred in certain cases.

3. Where personal injury is caused to a workman—

(*a*) by reason of the omission of the employer to maintain in good and safe condition any way, works, machinery or plant connected with or used in his trade or business, or by reason of any like omission on the part of any person in the service of the employer who has been entrusted by the employer with the duty of seeing that such way, works, machinery or plant are in good and safe condition; or

(*b*) by reason of the negligence of any person in the service of the employer who has any superintendence entrusted to him, whilst in the exercise of such superintendence; or

(*c*) by reason of the negligence of any person in the service of the employer to whose orders or directions the workmen at the time of the injury was bound to conform and did conform, where the injury resulted from his having so confirmed; or

(*d*) by reason of any act or omission of any person in the service of the employer done or made in obedience to any rule or bye-law of the employer (not being a rule or bye-law which is required by or under any law for the time being in force to be approved by any authority and which has been so approved) or in obedience to particular instructions given by any person to whom the employer has delegated authority in that behalf;

a suit for damages in respect of the injury instituted by the workman or by any person entitled in case of his death shall not fail by reason only of the fact that the workman was at the time of the injury a workman of, or in the service of, or engaged in the work of, the employer.

Risk not to be deemed to have been assumed without full knowledge.

4. In any such suit for damages, the workman shall not be deemed to have undertaken any risk attaching to the employment unless the employer proves that the risk was fully understood by the workman and that the workman voluntarily undertook the same.

5. The provisions of this Chapter shall not apply in the case of any suit for damages in respect of an injury which is instituted after the expiration of six months from the date of the injury.

Limitation.

ENCLOSURE III.

Extract from the Report of the Joint Committee on the Workmen's Compensation Bill.

3. *Title and Preamble.*—Perhaps the most important alteration, which we have made in the Bill is the elimination of the provisions relating to employers' liability. The majority of us are not satisfied that it is either necessary or wise to retain these provisions in the Bill. It has not been demonstrated to our satisfaction that the Courts in India will apply the judge-made doctrines of common employment and assumed risk. If these doctrines are accepted by the Courts in India, legislation on the lines of the Employers' Liability Act, 1880 (43 and 44 Vict., Cap. 42,) will have to be considered. But in that event the defences of common employment and assumed risk, if they are regarded as inequitable, should be removed not merely for the very limited classes of workmen to whom this Bill will apply, but for all workmen. On the whole, therefore, we are of opinion that it is wiser to restrict the scope of the present Bill to workmen's compensation and to avoid anticipating a difficulty which may not arise, and for which the Bill as drafted, contained only a partial remedy.

Letter No. 498, dated 13th April 1932 from Chamber to the Labour Office, Bombay.

Referring to your Letter No. 512, dated 22nd February 1932, I am directed by my Committee to inform you that they agree with the recommendations of the Royal Commission on Labour on the subject, and they are of opinion that legislation on these lines may be introduced.

APPENDIX 47.

Abolition of Fee-Charging Employment Agencies.

Letter No. 2144, dated 29th June 1932 from the Labour Office, Bombay to Chamber.

I am instructed by the Government of Bombay to forward herewith a copy of the Red pamphlet containing the Questionnaire issued by the International Labour Office on the above subject, together with 12 copies of the Questionnaire for your information and opinions on the points raised therein. I am sending these papers to you in advance of the usual circular letter from the Government of India forwarding copies of International Labour Office Questionnaires because the ordinary procedure usually gives only a very limited time to public bodies etc., to prepare their replies. I shall communicate further with you when a communication from the Government of India is received, but I trust that pending its receipt you will give the Questionnaire your careful consideration in order that an early reply may be received and the maximum time therefore given to Government to consider the views and opinions of the various persons and bodies who are being consulted on the question.

Abolition of Fee-charging Employment Agencies.

QUESTIONNAIRE.

Preliminary Question.

1. Do you consider it desirable that the International Labour Conference should adopt international regulations, in the form of a Draft Convention, providing for the abolition of fee-charging employment agencies ?

Scope as regards Categories of Fee-charging Employment Agencies.

2. What categories of agencies do you consider should be deemed to be "fee-charging employment agencies" for the purpose of the Draft Convention ?

In particular,

(*a*) Should employment agencies which are maintained by private institutions and which, though not carried on for gain, charge fees for their services be included?

(*b*) Should the agencies to be covered be confined to employment agencies or individuals regularly or occasionally carrying on placing as a business for gain?

(*c*) Should commercial employment agencies charging fees only to employers be excluded?

3. (*a*) If you do not consider that a Draft Convention should prescribe the abolition of employment agencies which, while charging fees for their services, are not carried on for gain, should provision be made for the supervision of such agencies?

If so, what provision do you consider should be made? Licence to carry on operations? Supervision of operations?

(*b*) If you do not consider that the Draft Convention should prescribe the abolition of commercial employment agencies which charge fees only to employers, should provision be made for the supervision of such agencies?

If so, what provision do you consider should be made? Licence to carry on operations? Supervision of operations?

Scope as regards Occupations.

4. (*a*) Do you consider that the occupations to which the prohibition of finding employment for fee is to apply should be defined in the Draft Convention by specifying a list of the occupations in question? What occupations do you propose?

(*b*) Or do you consider that the prohibition contemplated should be laid down in general terms as applicable to all occupations, subject to possible exceptions to be specified for certain occupations? If so, what exceptions do you propose?

(*c*) Should a list of the occupations for which exceptions may be allowed be given in the Draft Convention, or

should the latter, while laying down the general principle of the abolition of fee-charging agencies, leave it to national laws or regulations to determine the exceptions ?

Fee-charging Agencies carrying on International placing Operations.

5. Should the prohibition contemplated be laid down in the Draft Convention with reference to fee-charging agencies carrying on recruiting and placing operations internationally ?

If not, should the Draft Convention prescribe special measures of supervision in respect of such agencies ? What measures do you propose ?

Adaptation of Public Employment Services.

6. Do you consider that provision should be made in the Draft Convention for measures for ensuring the adaptation of public employment services to meet the requirements of occupations for which the abolition of fee-charging employment agencies is to be prescribed ? What measures do you propose ?

Time limit within which the Abolition Fee-charging Employment Agencies is to take effect.

7. (*a*) Do you consider that the Draft Convention should stipulate that the abolition of fee-charging employment agencies is to take effect simultaneously with ratification of the Convention ?

(*b*) Or should the Draft Convention allow a certain transitional period before the abolition is required to take effect ? What period do you propose ?

Transitional Measures.

8. If provision is made for a transitional period of the nature indicated in the preceding Question, do you consider the Draft Conention should require the following measures to be taken during such period ?

(*a*) That the competent authorities are not to grant—

(*i*) Licences for the establishment of new fee-charging employment agencies ;

(*ii*) Permission for the transfer of existing fee-charging agencies.

(*b*) That measures are to be taken to control and supervise the activities of fee-charging employment agencies and all forms of paid placings ;

(*c*) That such control and supervision are to be exercised in co-operation with public employment offices.

Penalties.

9. Do you consider that the Draft Convention should require countries ratifying the Convention to prescribe penalties for enforcing the national laws or regulations by which effect would be given to its provisions ?

Possibility of a Recommendation on certain Points.

10. Do you consider that any of the points referred to in Questions 2 to 9 above should be dealt with in a Recommendation rather than in the Draft Convention ? If so, what points, and what provisions on them, do you propose ?

Letter No. 2583, dated 5th August 1932 from the Labour Office, Bombay to Chamber.

In continuation of my letter No. 2144, dated 29th June 1932 on the above subject, I have the honour to forward herewith a copy of the Government of India, Department of Industries and Labour, letter No. L–1804, dated the 22nd July 1932, enclosing a draft reply to the Questionnaire issued by the International Labour Office, and to request you kindly to furnish me with your views on the draft reply. I shall be glad if you will kindly arrange to send your reply so as to reach this office by the *1st September*, at the latest.

Letter No. 4–1804, dated 22nd July 1932 from the Government of India, Department of Industries to all Local Governments.

I am directed to refer to the correspondence resting with this Department letter No. L.-1804, dated the 25th April 1932, forwarding a copy of an Express letter to the Secretary of State containing instructions which were issued to the delegates of the Government of India to the 16th session of the International Labour Conference. The International Labour Office have since issued a Questionnaire on the subject of the abolition of fee-charging employment agencies and copies of it were despatched to the Local Government on the 13th June 1932. The subject will be placed for final discussion on the agenda of the 17th session of the Conference to be held in 1933, and the International Labour Office will at a later stage prepare for that Conference a Blue Report on the subject based on the replies received from the various Member States to the Questionnaire now issued and containing proposals for a Draft Convention on the subject.

2. A draft is enclosed showing the answers which, in the provisional opinion of the Government of India, might be sent to the Questionnaire. It is not likely, in their view, that the line taken in this draft will secure acceptance at Geneva, since the protection of the worker from unnecessary payments is not the only object kept in view by many of those who desire the adoption of the Convention. There is also a desire to emphasize and develop the principle that the organization of the labour market is a matter for the State. But the Government of India doubt if it is desirable, or even practicable, for India to agree to any further regulation than their draft reply contemplates, and I am to invite a reference in this connection to the observations made on employment exchanges by the Royal Commission on Labour on Page 35 of their Report.

3. The International Labour Office have asked for a reply before 1st December 1932, and I am to request that any

comments or observations which the Local Government desire to offer may be sent so as to reach the Government of India not later than 1st October. The Government of India would be glad to receive, with your reply if possible, but in any case not later than 30th November, such information as the Local Government can give regarding the number and nature of the fee-charging agencies operating within the Presidency/Province.

Questionnaire on the Abolition of Fee-charging Employment Agencies.

Draft Reply.

1. The Government of India see no objection to a Draft Convention designed to secure the abolition of employment agencies which charge fees to the workers. In their view no adequate case has been established for the abolition of agencies charging fees to employers, and they are not satisfied that the supervision of such agencies is a matter requiring regulation by an International Convention. The extension of a Convention to provide for the elimination of agencies charging fees to employers would probably have the effect of preventing its ratification by all countries which have not fairly complete systems of public employment agencies of the European type. Its usefulness would thus be seriously limited, for it would not be likely to lead to the establishment of such systems in any countries where they do not exist. The Government of India are not in favour, therefore, of a Convention dealing with any agencies other than private agencies charging fees to workers.

2. Privately-owned agencies which are carried on for profit and charge fees for their services to workers seeking or obtaining employment through them.

3. (*a*) and (*b*). No.

4. (*a*) No.

(*b*) The prohibition should be in general terms applicable to all occupations. The defining of exceptions should be left to the competent authority in each country.

(*c*) The Draft Convention should leave it to national laws or regulations to determine the exceptions.

5. Provided that the Convention is limited to agencies charging fees to workers, it could cover agencies operating internationally.

6. No. Any provisions of this kind that were regarded as desirable might be embodied in a Recommendation.

7 & 8. If the Convention is limited as proposed above, no transitional period should be necessary.

9. Yes.

10. Yes. See answer to question 6. If the Conference consider it necessary to deal also with agencies other than those specified in the answer to question 2, their conclusions should be embodied in a Recommendation.

Letter No. 1301, dated 25th August 1932 from Chamber to the Labour Office, Bombay.

I am directed to acknowledge the receipt of your letters of the 29th June, and 5th August, 1932, and to send hereby the views of my Committee.

So far as my Committee are aware, there are no fee charging employment agencies for labour on the lines on which they exist in Western countries. There are a few such agencies for clerical labour, as also for domestic labour, such agencies being mainly confined to towns. As there are no such employment agencies for labour proper, in the sense the term is used by the International Labour Office, the question does not arise with regard to this country.

APPENDIX 48.

Besetting Industrial Establishments for Collection of Debts.

Letter No. 3145, dated 1st October 1932 from the Labour Office, Bombay to Chamber.

I am directed by Government to forward herewith for your information a copy of the Government of India, Department of Industries and Labour letter No. L. 3013, dated 27th August 1932 on the above subject and to request you to furnish this office with the views of your Chamber both on the Commission's recommendation and on any other methods which may appear desirable for dealing with the evils to which reference has been made in paras 2 and 3 of the letter.

2. I shall be glad if you will kindly send in your reply at an early date, at any rate not later than *15th November 1932.*

Letter No. 3013, dated 27th August 1932 from the Government of India, Department of Industries and Labour to all Local Governments.

I am directed to address you on the recommendation of the Royal Commission on Labour that "besetting" an industrial establishment for the recovery of debts should be made a criminal and cognizable offence. This is discussed on pages 235–236 of the Commission's Report (Extract enclosed).

2. The proposal is aimed at preventing two practices associated with the recovery of debts from industrial workers. One of these, which the Commission regard as the more deplorable, is the system whereby *Money-Lenders* are permitted by some employers to enter the factory and to collect their dues before the workman receives his pay. The other, and more common practice is for the *Money-Lender* to wait just outside the factory gate and to secure payment before the workman can part with any portion of his wages. An objection to both practices is that they tend to make the payment of interest and the repayment of debts, the first charge on wages, the

workman being forced to make disbursements on these before his necessities and those of his family are purchased. When the dues are collected within the factory, he has, as a rule, no means of resisting the deduction; when the dues are collected at the gate, an element of intimidation not infrequently enters into the transaction. In addition to the Labour Commission, the Bengal (Report, Paragraph 330) and Bombay (Report, Paragraph 284) Banking Inquiry Committees have drawn attention to the use of extra-legal methods for the recovery of debts by *Money-Lenders* of this type and have recommended strong measures to deal with such practices. These have formed the subject of a separate reference to the local Governments in the Finance Department, letter No. D. 2274–F., dated the 22nd April 1932. The former Committee suggested making *habitual usuary* a criminal offence and the latter urged the use of the power of deportation for certain offenders. The Central Banking Inquiry Committee, after mentioning the latter proposal, said (Report, Paragraph 123 (5)).

> "Where these people" (*i. e.*, Pathans and other itinerant Money-Lenders) "take extra-legal steps for the recovery of their money as brought out prominently in the report of the Bombay Committee, we consider that special action is necessary for protecting the borrower from the methods employed by them. We readily support the proposals of the Bombay Committee in this matter and we hope that Provincial Governments will take early steps to deal with any such insidious menace to society."

3. The Commission's proposal does not go so far as these suggestions for it relates only to action in or near an industrial establishment; but it appears to offer the possibility of stamping out the practice of recovering private debts at the pay-desk and of checking at least the power of the Money-Lender to make his demands a first charge on industrial wages. As such the

Government of India are provisionally disposed to support it. But they would be glad to have the views of the local Government and of those interested in the question both on the Commission's recommendation and on any other methods which may appear desirable for dealing with the evils to which reference has been made above. I am to invite attention in this connection to the observations made by the Labour Commission on pages 224–231 and 242 of their Report which contain the general argument underlying this and the other proposals they have made to deal with industrial indebtedness.

4. I am to request that a reply to this letter may kindly be sent so as to reach the Government of India not later than 1st January 1933.

Extract from the Report of the Royal Commission on Labour in India.

(Pages 235–236).

Besetting an Industrial Establishment.

* * * *

The preceding paragraphs have dealt mainly with the Money-lender who threatens his victim with legal proceedings and, more rarely, drives him into court. There are, however, many Money-Lenders who prey upon workers and depend upon the threat of violence rather than of the processes of the law. The *Lathi* is the only court to which they appeal, and they may be seen waiting outside the factory gate on pay-day ready to pounce on their debtors as they emerge. Our recommendations should not be ineffective even in their case, for they are as a rule fairly scrupulous even in using intimidation, and seldom employ it to exact more than the law allows. But stronger measures are justified, particularly as the object of waiting outside the factory is to ensure that their claims form the first charge on wages. We recommend, therefore, that besetting an industrial establishment for the recovery of debts be made a criminal and cognisable offence.

Besetting might be defined as loitering within the precincts or near or within sight of any gate or outlet of the establishment. This should go far to cripple the activities of a class of Money-Lender already generally regarded as a pest to society. It should also bring to an end the still more deplorable practice of some employers who permit the Money-lender to enter the factory compound and to collect his dues before the workers' wages reach their hands.

Letter No. 1815, dated 7th November 1932 from Chamber to the Labour Office, Bombay.

With further reference to your letter No. 3145, dated 1st October, 1932, my Committee have considered the question, and are in agreement with the recommendation of the Royal Commission on Labour, that besetting industrial establishments for the collection of debts should be made a criminal and cognisable offence.

They, however, fear that any such provision, *per se*, will not go to the root of the problem. They feel that a wider and a more comprehensive legislation, providing for the registration and the issue of licenses to Money-lenders, who are notoriously indifferent to the personal rights of the debtors and who take the law into their own hands, should be introduced. At any rate, such a system of registration might, as an experiment, be tried in selected places.

You will please be good enough to place the above suggestion before Government.

APPENDIX 49.

National Health Insurance.

Letter No. 53 (2) 13, dated 20th August 1932 from the Surgeon General with the Government of Bombay to Chamber.

I am herewith forwarding the outlines of a Scheme for National Health Insurance on the same lines as in Great Britain

and request that you will kindly give it your careful consideration and let me know if in your opinion it is likely to work with any prospects of success if introduced in Bombay.

Could you kindly give me a rough idea of the number of workmen or employees, in the Institutions with which you are connected, who will join the scheme and also a rough estimate of the total number of workmen and others in Bombay below a certain limit of income who would join and whether in your opinion the weekly contribution of annas 3 per head is too low or too high considering the average income of workmen in Bombay.

Any other information on the subject will be welcome.

Hospital Saving Association of Bombay.

An association to be formed in Bombay on the lines of the National Health Insurance Act of Great Britain with the object of raising funds for all the Bombay Hospitals.

The Association to be called "The Hospitals Saving Association of Bombay". The association to represent different interests in the City *viz.*, the millowners and other employers of labour and also the Government.

The object of the Association being:—

I. To raise funds for the maintenance of the Bombay Hospitals by (*a*) Collecting weekly contributions from the workers and employees by way of health insurance. The contribution being at the rate of annas two or three a week to be collected monthly or quarterly. (*b*) Raising money from voluntary donors.

II. To appoint a panel of doctors who would attend on the insured workers and those dependent on them for miner ailments, and when necessary, transfer them to hospital for hospital treatment. The panel doctors would be paid a fixed sum *per capita* by the association.

III. To appoint chemists who would dispense medicines for insured persons prescribed by the panel doctors, and defray the cost of medicines.

IV. To distribute funds to different hospitals in proportion to the number of patients treated by them.

V. To maintain an ambulance service.

VI. To provide for the beggars and road-side cases.

VII. To provide for the convalescent treatment of cases that require such treatment.

VIII. To appoint advisory committees on the lines of the present advisory committees.

The Association will have no control over the administration of the hospitals which will be managed as at present. It will only be responsible for providing the funds. It is quite possible the association will not be able to raise sufficient funds to defray the total expenditure of the hospitals and a grant from Government may be necessary.

All employees in factories, mills, warehouses, banks, private firms etc., will be entitled to contribute, also persons earning small income. Large employers of labour may insure all their employees *en bloc* and deduct the contribution from the wages of their workmen. Workers need not be insured by name but an employer might insure an occupier of a particular post so that in case the employee is discharged from his service, the insurance will hold good for the new incumbent.

In return for the weekly premium the contributor would be entitled to be treated by the panel doctor for minor ailments and receive hospital treatment if the doctor considers it necessary to transfer him to hospital where he would receive every kind of treatment free, *viz.*, x-rays, electric, radium, dental, eye, orthopaedic etc., and if necessary, convalescent treatment at a convalescent home.

An insured person would be entitled to all this kind of treatment free except treatment in a special ward of the hospital; if this is required by him he will have to pay the difference between the cost of a special room and a bed in the general ward.

This is the bare outline of the scheme which is on the same lines as the National Health Insurance scheme of Great Britain.

Letter No. 1595, dated 29th September 1932 from Chamber to the Surgeon General with the Government of Bombay.

I am directed by the Committee of this Chamber to send to you hereby their views, with reference to your letter of the 20th August, 1932, No. 53 (2)-B of 1932.

My Committee have carefully considered the scheme sent along with your letter and are of opinion that it is not a practicable scheme and it will be difficult, if not impossible, to work it here in the present circumstances of the country. The section of the population to whom the scheme is mainly intended to apply consists of workmen and working women. This class is migratory and mobile and immense difficulties will, therefore, be experienced in making weekly collections from them to entitle them to benefits proposed. There is also a general tendency among these working class people to distrust and avoid hospital treatment even when ill and this also will militate against the proposed scheme. Three annas per week appears to my Committee to be a big amount to be deducted from the wages of workmen, who mostly go to Indian Vaids or Hakims for their treatment and have not much faith in the Allopathic treatment of doctors who will be on the panel. They have to pay very small fees for the treatment they receive form these Vaids or Hakims, and they would, therefore, naturally grudge to pay higher amounts for a treatment in which they do not believe much.

Under these circumstances, my Committee do not advise that the scheme as proposed should be started. They, however,

suggest that Government may adopt the scheme themselves as an experiment for the labour they employ and place the results of such an experiment after two or three years before the public.

APPENDIX 50.

16th International Labour Conference.

Letter No. 3685, dated 24th December 1931 from the Director of Information and Labour Intelligence, Bombay, to Chamber.

I have the honour to forward herewith for the information of your Chamber a copy of a press communique issued by the Government of India in the Department of Industries and Labour on the above subject.

GOVERNMENT OF INDIA

DEPARTMENT OF INDUSTRIES AND LABOUR.

Press Communique.

Dated New Delhi, the 10th December 1931.

The Government of India have been informed that the Sixteenth Session of the International Labour Conference will open at Geneva early in April 1932 and that the following subjects will be on the agenda:—

I. Abolition of fee-charging employment agencies.

II. Old-age invalidity and widows' and orphans' insurance for workers in all occupations excepting seamen.

III. Minimum age of admission of children to employment in non-industrial occupations.

The first two subjects are for first discussion; the third subject which was previously discussed at the Fifteenth Session held in 1931 is for final consideration.

The precise date of the opening of the Conference will be announced later.

2. The representation of each Member State at a Session of the Conference ordinarily consists of two Government Delegates, one Employers' Delegate, one Workers' Delegate and advisers for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with the Government of India, who under the terms of the Treaty of Versailles, have undetaken "to nominate non-Government Delegates and advisers chosen in agreement with the industrial organisations, if such organisations exist, which are most representative of employers or workpeople as the case may be". As there appears to be some misapprehension regarding what constitutes an industrial organization representative of employers, the Government of India desire to make it clear that, in their view, an association can only be regarded as representative of employers if it includes among its functions that of dealing with the interests of employers as such (*e.g.*, regulating conditions of employment). The mere fact that the membership of an organization maintained for other purposes (*e.g.* the protection and regulation of the commercial interests of its members) includes a number of industrial employers is not in itself sufficient to give that organization a claim to consideration in the present connection.

3. All suggestions relating to the nomination of non-Government Delegates and their Advisers should reach the Secretary to the Government of India in the Department of Industries and Labour as early as possible and, in any case, not later than the *15th January 1932.* The industrial organisations claiming to be representative of employers should furnish the Government of India with a copy of their Articles of Association and a list of their members.

4. Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of Delegates and Advisers finally nominated.

Letter No. 22, dated 7th January 1932 from Chamber to Government of India, Department of Industries and Labour.

The attention of the Committee of this Chamber has been drawn to the Press Communique issued by your Department dated 10th December 1931, inviting suggestions relating to the nomination of non-Government Delegates and Advisors for the forthcoming Session of the International Labour Conference. My Committee regret to note that the Government of India, in the second paragraph of the Press Communique, have attempted to lay down an interpretation of what constitutes an industrial organisation representative of employers. My Committee submit that the relevant Article in the Treaty of Versailles is the final word on this question, and no State-Member is at iberty to give its own interpretation to the terms used therein. Ever since the International Labour Conference came into being, all the Chambers of Commerce and commercial and industrial associations have been recognised as industrial organisations as contemplated under Article 389 of the above Treaty, and it is not proper now to give a new interpretation to the terms which might have the effect of excluding certain of these associations. Every Chamber of Commerce and commercial and industrial organisation has got, as one of its functions, to deal with the interests of employers, *e. g.*, regulating conditions of employment, and even if it is not stated in so many words it is to be presumed all the employers are interested in this question. My Committee may also bring to your notice the fact that during all this period, the Government of India have been consulting all these different Chambers of Commerce and commercial and industrial associations and a good deal of valuable and useful advice has been received by them. There are several questions, *e. g.*, hours of work in commercial avocations, employment of children in non-industrial occupations, which immediately concern the interests of several commercial associations and it is not correct to think that such organisations are not interested in these questions unless the question of dealing with the inter-

ests of employees is specifically included in their Articles. My Committee beg to protest against the interpretation now attempted to be put upon the words: "Industrial Organisation representing employers," and urge that there should be no conditions laid down regarding the right of Indian Employers Organisations to suggest names of Delegates and Advisors for the International Labour Conference.

My Committee beg to support the representation already forwarded to you by the Federation of Indian Chambers of Commerce and Industry in this connection.

Letter No. L. 1537, dated 19th January 1932 from the Government of India, Department of Industries and Labour to Chamber.

In reply to your letter No. 22, dated the 7th January 1932, on the subject noted above, I am directed to refer you to this Department letter No. L. 1537, dated the 12th January 1932 sent in reply to a similar representation received from the Federation of Indian Chambers of Commerce and Industry. A copy of that letter is encloced.

Copy of letter No. L. 1537, dated the 12th January 1932, from the Deputy Secretary to the Government of India, Department of Industries and Labour, to the Secretary, Federation of Indian Chambers of Commerce and Industry, Phoenix Building, Ballard Estate, Bombay.

I am directed to acknowledge the receipt of your letter No. 1584, dated 23rd December 1931, on the subject cited above, asking that the Government of India "should not insist upon the conditions laid down in their communique regarding the claim of a particular organization to speak in the name of the employers". In reply I am to say that the Government of India cannot prevent any organization from claiming to speak in the name of employers; and any organization making such a claim is at liberty to offer a nomination. But the mere advancing of such a claim cannot be regarded as equivalent to

possessing the qualifications required by the Treaty of Versailles, and the Government of India have the duty of determining, should any doubt arise, whether any particular association comes within the requirements of the Treaty.

2. As regards the inquiry in the concluding sentence of your letter, the Government of India propose to take no action until the time for receiving nominations has expired.

Letter No. 116, dated 28th January 1932 from Chamber to Government of India.

I am directed to confirm hereby the telegram sent by my Committee to you today recommending the following personnel of the Indian Employers' Delegation to the forthcoming Sixteenth Session of the International Labour Conference :—

Delegate :—

Mr. R. K. Shanmukham Chetty, M. L. A.,
Deputy President, Legislative Assembly.

Advisers :—

(1) Mr. Sarabhai Pratapraí,
C/o The Indian Merchants' Chamber, Bombay.

(2) Mr. Ebrahim G. Currimbhoy,
Messrs. Currimbhoy & Sons, Bombay.

(3) Mr. Gaganvihary L. Mehta,
Manager, Scindia Steam Navigation Company, Limited, Calcutta

and

(4) Mr. K. C. Neogy, M. L. A., Calcutta.

My Committee hope that Government will be pleased to accept their suggestion.

APPENDIX 51.

17th International Labour Conference.

Letter No. 3201, dated 10th October 1932 from the Director of Information, Bombay to Chamber.

I have the honour to forward herewith for the information of your Chamber a copy of a Press Communique issued by the

Government of India in the Department of Industries and Labour on the above subject.

GOVERNMENT OF INDIA

DEPARTMENT OF INDUSTRIES AND LABOUR

Press Communique.

Dated Simla, the 27th September 1932.

The Government of India understand that, as at present arranged, the Seventeenth Session of the International Labour Conference will be held at Geneva during May 1933 and that the following subjects will be on the agenda :—

I. Unemployment insurance and the various forms of relief for the unemployed.

II. Methods of providing rest and alternation of shifts in automatic sheet glass works.

III. Abolition of fee-charging employment agencies.

IV. Invalidity, old-age and widows and orphans' insurance.

The first two subjects will come up for first discussion; the third and fourth subjects which were previously discussed at the Sixteenth Session held in April 1932 will be for final consideration.

The precise date of the Conference and any additions to the agenda that might be decided upon by the Governing Body of the International Labour Organisation will be announced later.

2. The representation of each Member State at a Session of the Conference ordinarily consists of two Government Delegates, one Employers' Delegate, one Workers' Delegate and advisers for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with the Government of India, who, under the terms of the Treaty of Versailles, have undertaken "to nominate non-Government Delegates and advisers chosen in agreement with the industrial organisations, if such organi-

sations exists, which are most representative of employers or workpeople as the case may be". An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (*e. g.*, regulating conditions of employment). The mere fact that the membership of an organization maintained for other purposes (*e. g.*, the protection and regulations of the commercial interests of its members) includes a number of industrial employers is not in itself sufficient to give that organization a claim to consideration in the present connection.

3. All suggestions relating to the nomination of non-Government Delegates and their advisers should reach the Secretary to the Government of India in the Department of Industries and Labour as early as possible and, in any case, not later than the *15th December 1932.*

4. Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of Delegates and Advisers finally nominated.

Letter No. 3057, dated 7th December 1932 from Chamber to the Government of India.

With reference to the Press Communique, dated 27th September, 1932, inviting suggestions regarding nomination of the Indian Delegation to the 17th Session of the International Labour Conference, my Committee recommend Mr. Ambalal Sarabhai, Millowner, Ahmedabad for nomination as Employers' Delegate to the Conference. They hope that Government will be pleased to accept their suggestion.

As regards Advisers, for financial reasons, Government were unable to send any advisers for the last Session of the Conference. As my Committee fear, for the same reason, Government may not be in a position to send Advisers this year also, they have not thought it necessary to make any recommendation regarding selection of advisers.

APPENDIX 52.

Invalidity, Old-age, Widows' and Orphans' Insurance.

Letter No. 2361, dated 13th July 1932 from the Labour Office, Bombay to Chamber.

I am instructed by the Government of Bombay to forward herewith *a copy of the Red Pamphlet* containing the Questionnaire issued by the International Labour Office on the above subject for your information and opinion on the points raised therein. I am sending these papers to you in advance of the usual circular letter from the Government of India forwarding copies of International Labour Office Questionnaires, because the ordinary procedure usually gives only a very limited time to public bodies etc., to prepare their replies. I shall communicate further with you when a communication from the Government of India is received, but I trust that pending its receipt you will give the Questionnaire your careful consideration in order that an early reply may be received and the maximum time therefore given to Government to consider the views and opinions of the various persons and bodies who are being consulted on the question.

Letter No. 2735, dated 23rd August 1932 from the Labour Office, Bombay to Chamber.

In continuation of my letter No. 2361 dated 13th July 1932 on the above subject, I have the honour to state that it is now understood that the Government of India do not propose to reply to the Questionnaire in detail as this country has not the necessary experience to enable it to contribute to the solution of the problem before the International Labour Conference. In the circumstances, you need not take any further trouble in the matter.

IV. GENERAL TRADE AND INDUSTRY.

APPENDIX 53.

Bombay Re-organisation Committee.

Press Note No. P. 166, dated 9th July 1932 issued by the Director of Information, Bombay.

His Excellency the Governor of Bombay in his speech to the Legislative Council on the 17th February 1932, announced the intention of Government to undertake an expert enquiry in the following words:—

> "My Government have decided to take steps to follow up the work of the Retrenchment Committee and are now arranging to secure expert advice on Re-organization of the whole administrative machine. This will not only secure the further examination of such recommendations of the Retrenchment Committee as have not yet been adopted, but will also ensure a broad survey and a detailed examination of the organization of the most important departments".

And Government have now appointed with effect from 15th July, a Committee consisting of the following gentlemen:—

The Honourable Mr. G. A. Thomas, C. I. E., I. C. S. ... (*Chairman*).
Mr. G. Kaula, C. I. E.
Mr. D. G. Harris, C. S. I., C. I. E. } (*Members*).
and
Mr. E. W. Perry, C. I. E., I. C. S. ... ... (*Secretary*).

to make recommendations for the more efficient organization of the whole machinery of Government and for effecting all possible reductions in the expenditure controlled by the Government of Bombay, having regard to the present or prospective financial position and the prospect of the development of provincial autonomy in the near future. In so far as questions of policy are involved in the expenditure

under discussion, these will be left for the exclusive consideration of the Government, but it will be open to the Committee to review the expenditure and to indicate the economics which might be effected if particular policies were either adopted, abandoned, or modified. Government will invite certain gentlemen to be associated with the Committee as experts for short periods of time, in an honorary capacity, to assist in the examination of the organization of major departments such as those of public works, education, medical, agriculture, revenue, judicial, police, etc. Since the organization and conditions of service of the All-India Services are matters under the control of the Secretary of State in Council, and decisions about their future will be made in connection with the new constitution, consideration of questions directly affecting these services is necessarily excluded from the scope of enquiry.

Government desire to make it clear that the mere pruning of expenditure is not their sole purpose in appointing this Committee. Something on broader lines is now required. They desire that, in addition to securing the maximum reduction of cost consistent with efficiency, the Committee should examine how far adjustments are desirable in the machinery of Government, in the inter-relation of its component parts, and in the relations with local bodies and other organizations in order to ensure that each branch of the organization shall be so designed as best to fulfil its purpose and to permit steady development in the future. Government realise that it may not be possible to secure the maximum reduction of cost in the first year or two but they hope that the Committee will be able to report by the 15th October as many of their proposals as they consider may be taken into account in the preparation of the budget estimates for 1933-34, and that the whole report will reach them not later than the 15th November 1932.

Any responsible bodies or persons who wish to propose definite schemes for reorganising or lessening the cost of the

administration are invited to send their proposals as early as possible to the Finance Department, Council Hall, Poona. All such communications should be clearly marked "for the Re-organization Committee."

Letter No. 1090, dated 1st August 1932 from Chamber to Government of Bombay.

The attention of the Committee of this Chamber has been drawn to the Press Note recently issued by the Director of Information, announcing the appointment of a Committee "to make recommendations for the more efficient organisation of the whole machinery of Government and for effecting all possible reductions in the expenditure controlled by the Government of Bombay, having regard to the present or prospective financial position and the prospect of the development of provincial autonomy in the near future."

While my Committee are glad that Government have appointed a Committee to tackle the important question of organisation of the machinery of Government and of all possible retrenchment, they cannot but express their disappointment at the personnel of the Committee and the terms of reference. My Committee do not want to say about the intelligence or capacity of the gentlemen appointed to this Committee, for all of them are highly-placed officials—excepting one who has recently retired but who was also a high official of Government and have all got experience of the working of Government Departments. My Committee are, however, of opinion that a Committee of the nature contemplated by Government should have on it some representatives of the taxpayers, as also one or two independent businessmen. The former will be able to examine the whole question from the standpoint of the already over-burdened taxpayer, while the latter will be able to advise how reorganisation can best be effected on sound business lines.

With regard to the terms of reference, it is laid down that "Since the organisation and conditions of service of the All-India

Services are matters under the control of the Secretary of State in Council, and decisions about their future will be made in connection with the new constitution, consideration of questions directly affecting these services is necessarily excluded from the scope of enquiry." The exclusion from the scope of the enquiry of such an important question as the terms for recruitment and salaries of All-India Services takes away, my Committee are sorry to note, much of the importance of the work of the Re-organisation Committee. It is the members of the All-India Services who occupy the most important posts in the administration and whose salaries and allowances run into big amounts. To ask the Re-organisation Committee not to consider this problem at all, and to restrict themselves practically to the salaries and wages of the Provincial servicemen and clerical and menial staff, is to reduce to a nullity the utility of such a Re-organisation Committee. The Bombay Presidency has been passing through a financial crisis of grave magnitude, and my Committee, interested as they are in re-organisation of the finances of the Presidency, naturally welcomed the announcement of His Excellency, made in his speech to the Legislative Council on 17th February 1932. The later developments however, in the shape of the personnel and terms of reference, have proved disappointing. My Committee beg to suggest that in order to make the work of the Re-organisation Committee successful Government will be pleased, even now, to appoint representatives of the taxpayers and businessmen on the Committee and to allow them to consider the question even of the All-India Services.

Letter No. 8300, dated 10th August 1932 from the Government of Bombay, Finance Department to Chamber.

I am directed to acknowledge the receipt of your letter No. 1090 of the 1st instant. In the second paragraph of that letter it is recommended that the Re-organisation Committee "should have on it some representatives of the taxpayers, as also one or two independent businessmen". Your Chamber

will recollect that the Retrenchment Committee of 1931 consisted mainly of elected representatives of the taxpayers and had also one or two independent businessmen, and that His Excellency the Governor in his speech to the Legislative Council on the 17th February 1932 announced the intention of Government of appointing this Committee in the following words:—

> "My Government have decided to take steps to follow up the work of the Retrenchment Committee and are now arranging to secure expert advice on Re-organisation of the whole administrative machine. This will not only secure the further examination of such recommendations of the Retrenchment Committee as have not yet been adopted, but will also ensure a broad survey and a detailed examination of the organisation of the most important departments".

Government have, in fact, followed the method recommended by the Chamber and the appointment of the present Committee is not a change of method but a further development of it. Viewing the governmental machine as organised at present a committee of non-officials has made recommendations for the pruning of expenditure. But it is apparent that, after taking full account of as many of those recommendations as can be adopted, there will still be a considerable uncovered deficit in the Presidency's finances. Government have therefore decided that the next step must be to make a thorough overhaul of the organisation of the governmental machine in order to find out if organisational readjustments can be made to secure the further reduction of expenditure which the mere pruning of the expenditure of the departments organised on their present lines cannot secure. For this overhaul of organisation Government have appointed a committee of gentlemen each of whom has had very many years' experience of administrative work and who between them can supply knowledge of types of organisation current in various parts of India. As was

forecast in the Press Note, Government have already invited certain gentlemen to be associated with the committee to assist them in their work and many of these are leading businessmen. In addition to these gentlemen the Committee intend to consult a number of gentlemen representative of various interests and communities who have special knowledge and experience of the matters on which their advice will be sought. The Chamber may be assured that Government have not abandoned the method of approaching this difficult problem which is favoured by the Chamber. The Re-organisation Committee will take into consideration all of the recommendations of the Retrenchment Committee of 1931 and will do their best to combine their lines of thought with modifications of organisation, and Government hope that this combination of the two methods will secure greater reduction in expenditure than could be secured by either method alone. I am also to draw the attention of your Chamber to the general invitation which has already been extended to all responsible bodies or persons who have suggestions to make to submit them in writing to the Committee as early as possible. Government trust that the Chamber will assist the Committee in this way.

2. The reason for that part of the terms of reference which is quoted in the third paragraph of your letter is contained in the excerpt quoted therein. The matters mentioned in that paragraph are beyond the control of the Presidency Government and can only be dealt with by an All-India Committee of enquiry.

Letter No. 1272, dated 19th August 1932 from Chamber to the Government of Bombay.

I am directed to acknowledge the receipt of your letter No. 8300, dated the 10th August 1932.

While my Committee acknowledge and appreciate the detailed nature of the reply and the anxiety Government obviously have to show that they have followed the best

procedure with regard to the very important question of retrenchment and re-organisation, they regret that they cannot yet accept the position that the constitution of the Re-organisation Committee was the best that could have been devised. My Committee reiterate their view that the Re-organisation Committee suffers greatly through the absence of any businessmen and any representatives of the taxpayers on it. The fact that the original Retrenchment Committee of 1931 had on it some businessmen and representatives of taxpayers does not prove the justification for dispensing with these on this Re-organisation Committee. If at all there was a greater necessity for businessmen and representatives of taxpayers being on this Re-Organisation Committee. By the very nature of things, it is impossible for any one not in the know of things to offer any useful criticism or comments or suggestions from outside. The whole administrative machinery of Government offers a large technical problem and if one has to offer useful criticism he should be on the Committee so that he can be in a position by close examination of witnesses to get together all the relevant facts and figures. My Committee are much obliged to Government for their invitation to them to offer their views to the Re-organisation Committee. They would have been only too glad to do so, if they had found that they could serve any useful purpose thereby. It is just because of this that my Committee had urged, and even now urge the inclusion of businessmen on the Committee, who with their experience of business and financial matters would be in the best position to appraise all the facts placed before them from a business and financial point of view, and would have asked for the presentation of all the facts which would be relevant for the enquiry. My Committee may be allowed to cite the instance of the Inchcape Committee, when the Government of India appointed a Committee mainly of businessmen to find out how retrenchment and re-organisation could best be carried on in Government Departments. The highest officials of the Government of India,

including the Commander-in-Chief, were witnesses and had to justify every item of expenditure in their respective departments.

With all the desire to co-operate with the Re-organisation Committee in finding out ways and means for further retrenchment, as also the best possible way in which the administrative machinery could be re-organised, my Committee do not know how to do it. They feel very strongly that the finances of the Government of Bombay are not in the best possible condition and require a close and systematic examination. They also acknowledge that Government themselves have recognised this necessity and want to do something in the matter. Unfortunately, however, Government have not selected the right method for tackling the problem, which is deeply regrettable, as they could have got the co-operation of the public in their desire to retrench and re-organise the finances which is the burning problem of the day.

It may be stated in conclusion that if Government want the views or suggestions of my Committee with regard to any particular aspect of the question, they will be glad to do so.

Letter No. 8300, dated 24th August 1932 from Government of Bombay to Chamber.

I am directed to acknowledge the receipt of your letter No. 1272 of the 19th instant. In the main, your letter deals with the question of the personnel of the Re-organisation Committee in regard to which Government have nothing to add to what has been stated on that subject in my letter of the 10th instant.

2. With reference to the concluding paragraph of your letter, I am to say that Government welcome your assurance that your Committee will furnish its views or suggestions with regard to any particular aspect of the question and I am to inform you that the Re-organisation Committee will be very glad to receive its views or suggestions on whatever branch of the subject it considers itself best qualified to advise.

APPENDIX 54.

Diversion of the Trade from Bombay to Kathiawar Ports.

Letter No. 885, dated 5th July 1932 from Chamber to the Government of India, Commerce Department.

A letter was recently addressed to the Government of India by the President of the Bombay Chamber of Commerce and the Chairman of the Bombay Millowners' Association and the Bombay Port Trust on the question of the diversion of trade from Bombay. The representation dealt specifically with the imports of foreign cotton into the Port of Bhavnagar and the loss which would be thereby caused to the Port of Bombay and to the Revenues of the Government of India. This question which all these public bodies dealt with, is but a part of the bigger question of the diversion of trade from Bombay. This problem is of deep importance to this City and, my Committee would say, to British India as a while, as Bombay forms a big *entrepot* for trade passing into British India and Indian States. My Committee addressed a letter to the Government of Bombay dated 3rd November, 1928, No. 2477, when they tried to show with the help of examples how the diversion was being effected from Bombay Port. They also gave the reasons which in their opinion were operating in this direction. A copy of the report of this Chamber for the year 1928, is being sent herewith, as it contains, in Appendix 72, Page 442, the text of this letter, with its appendices, for purposes of easy reference. The situation since 1928 has, if anything, worsened rather than improved on account of several factors, both political and economic. The interests of the City and of British India require that the situation which prevails at present should no longer be tolerated and every effort be made by Government and the commercial community acting in co-operation towards improving the present position and restoring the position of the Port to what it was some years back. It

is essential that this problem should be examined in all its aspects by a representative and influential Committee; and my Committee beg, therefore, to approach the Government of India with a request that they will be pleased to appoint such a Committee of enquiry to find out the causes and the reasons for the diversion of trade from Bombay and to suggest remedies for the same.

Letter No. 1480—C (4), dated 12th August 1932 from the Government of India to Chamber.

With reference to your letter No. 885, dated 5th July 1932, on the subject noted above, I am directed to say that the views expressed by your Chamber have been noted by the Government of India.

APPENDIX 55.

Joint Stock Companies—Conversion of Rupee Debts into Gold Debts.

Letter No. 890, dated 5th July 1932 from Chamber to Government of India, Commerce Department.

The attention of the Committee of this Chamber has been drawn to three communications which have been addressed by the Bombay Shareholders' Association to the Chairman of Messrs. Edward Sassoon Mills, Ltd., Messrs. Mayer Sassoon Mills, Ltd., and Messrs. E. D. Sassoon United Mills, Ltd. It appears from these communications that certain Debenture Bonds issued originally in Rupees were turned into sterling loan at the exchange rate then prevailing; and a portion of the Companies' Rupee indebtedness was turned into U. S. A. Gold Dollar liabilities. My Committee are not concerned with the question as it affects the relations of the shareholders of these particular concerns *vis-a-vis* their Directors and Managing Agents. The shareholders of these concerns will carry on their own correspondence with regard to their rights and privileges. What my Committee are concerned with is the bigger question

as to whether it should be deemed sound in law and practice to allow the Directors and Managing Agents to convert the Rupee debt liabilities into sterling or gold dollar liabilities without the consent of shareholders. As it happens when the Company has converted its Rupee liability into gold dollar liability, it has taken upon itself a heavy additional liability owing to fluctuations of exchange. My Committee are advised that the Indian Companies Act, as it stands, cannot come in the way of such transactions. If it is so, there is a necessity for amending the Companies Act in the interests of the shareholding public. For sometime past, it is felt that capital has gone shy specially with regard to industrial shares; and it is because of this also that suitable amendment is necessary in the Companies Act, so as to restore confidence to some extent among investing public. My Committee hope that Government will take prompt steps to stop such liability being incurred hereafter without the consent of shareholders.

Letter No. 60-T (52), 1st August 1932 from the Government of India to Chamber.

I am directed to refer to your letter No. 890, dated the 5th July 1932, and to say that the views of the Chamber on the above subject have been noted by the Government of India.

APPENDIX 56.

Advisory Board under the Indian Electricity Act.

Letter No. 299, dated 4th March 1932 from Chamber to Government of Bombay.

I am directed by my Committee to enquire of the Government of Bombay whether they have appointed the Advisory Board mentioned in Section 35 of the Indian Electricity Act (IX of 1910) for the Presidency of Bombay. If such an Advisory Board has not been appointed, my Committee would like to know whether Government propose to appoint the same.

Letter No. 0/6418-M, dated 10th March 1932 from the Government of Bombay, P. W. D. to Chamber.

With reference to your letter No. 299, dated 4th March 1932, I am directed by the Governor-in-Council to state that Government have already considered the question of constitution of an Advisory Board under Section 35 of the Indian Electricity Act, 1910, and have come to the conclusion that there is no necessity at any rate for the present for a permanent Advisory Board in this Presidency.

APPENDIX 57.

Manufacture of Artificial Silk from Bamboo Pulp.

Letter No. 220, dated 30th January 1931 from Chamber to the President, Forest Research Institute, Dehra Dun.

I am directed to invite a reference to your Office letter No. 3773/37, dated 9th July 1929, addressed to the Secretary of the Indian Central Cotton Committee, Bombay, wherein you stated that "samples of Bamboo pulp have been sent to England for test as to suitability for production of artificial silk." My Committee presume that the test report must have since been received and would like to be informed whether the report encourages the possibility of progress in the production of bamboo cellulose for pulp suitable for artificial silk. They would also like to know if any improvements were made in the standard of the pulp after the receipt of the test report and, if so, would like to be furnished with sample of the pulp as now produced.

My Committee may also be allowed to enquire if any attempts were made to interest any Indian firm to produce artificial silk from bamboo pulp. Any literature giving information about the results of such researches carried by the Institute will be much appreciated by members of this Chamber.

Letter No. 1169/37, dated 28th February 1931 from the Forest Research Institute, Dehra Dun to Chamber.

In reply to your letter No. 220, dated 30th January last, I write to inform you that the samples of pulp which were sent to England did not prove so satisfactory as was expected. Experiments are still in progress and further samples will again be sent to England for tests in connection with artificial silk manufacture in due course.

As the investigations are still in progress no attempt has been made to interest any firm in India and no literature has so far been issued.

Letter No. 420, dated 2nd April 1932 from Chamber to the Forest Research Institute.

Please refer to your letter No. 1169/37 of the 28th February, wherein you reported that experiments were being continued in connection with tests for the manufacture of artificial silk from bamboo pulp. My Committee would like to know as to what stage these investigations have reached, and as to when the results of the same may be expected to be announced.

Letter No. 1883/37, dated 26th April 1932 from the Forest Research Institute to Chamber.

In reply to your letter No. 420, dated the 2nd April, 1932, I write to inform you that endeavours are still being made to increase the alpha cellulose content of bamboo pulp. The experiments are likely to continue for a good while yet, since satisfactory results have not only to be obtained, but to be obtained by methods that can be employed on a commercial scale. It is impossible to say when there will be any results to be announced.

Letter No. 729, dated 16th June 1932 from Chamber to the Forest Research Institute.

I am directed to acknowledge receipt of your letter of the 26th April, 1932, No. 1883/37. My Committee consider that

in view of the industrial importance of the experiments being made at your Institute regarding bamboo pulp, it would be better if these experiments were speeded up. If it is not possible to do so with such expert assistance as is available locally, it would be advisable, in view of the interests concerned, to call out experts from Great Britain or ony other country outside. The Commercial and industrial community may well be kept informed of the progress of these experiments.

APPENDIX 58.

Broadcasting Quotations for Oil Seed.

Letter No. 1132, dated 5th August 1932 from Chamber to the Indian State Broadcasting Service.

My Committee have received a suggestion from mofussil manufacturers concerned with oil seeds that the Indian State Broadcasting Service be requested to set up arrangements for opening-quotations for seeds being broadcast everyday. My Committee understand that at present quotations, both opening and closing, in regard to various commodities are broadcast through the radio, and that in regard to seeds only the closing quotations are relayed. My Committee beg to suggest that this facility may be extended in respect of opening-quotations also, as this will considerably help the trade. My Committee hope that there will be no difficulty in giving effect to this suggestion.

APPENDIX 59.

Charges made by the Imperial Bank of India in connection with Telegraphic Instructions to Branches.

Letter No. 1180, dated 10th August 1932 from Chamber to the Secretary and Treasurer, Imperial Bank of India.

The Committee of this Chamber have received a communication from one of their members to the effect that the Imperial Bank, which has always been charging Re. 1/8 for urgent telegrams, is now charging Rs. 2/- for such telegrams. When the

member, who has addressed my Committee, wrote to the Imperial Bank the reply given to him was that owing to an amendment of Clause 11 of Rule 32 of the Indian Telegraph Rules, minimum charges of the Bank for telegrams on its branches have been fixed at Rs. 2/- and Re. 1/- for express and ordinary telegrams respectively. Clause 11 of the said Rule 32 presumably refers to charges for registration of abbreviated addresses. There was some increase effected in these registration charges. It is reported in the "Times of India" of yesterday's date that these charges were now reduced. In any case, even though these charges were not reduced, my Committee do not think that it would be fair to charge anything more than the actual expenses for transmitttng these telegrams. The procedure adopted by the Imperial Bank in charging Rs. 2/- and Re. 1/- for express and ordinary telegrams, when the actual charges for these telegrams are Re. 1/10 and 0/13/0, including surcharge, is not approved of by the Indian business community, and my Committee hope that the Bank authorities will be pleased to charge only what they have actually to spend for these telegrams.

Letter No. M. S. 460, dated 29th August 1932 from the Imperial Bank of India to Chamber.

With reference to your letter No. 1180 of the 10th instant, charges made by us are carefully considered in the light of all attending circumstances and any complaints received by us direct from our constituents are carefully investigated. We regret that it is not possible for us to discuss them with anyone but the party immediately concerned, in accordance with ordinary banking practice which, as you are aware, dictates that a Bank's dealings with others are on a confidential basis.

Letter No. 1639, dated 5th October 1932 from Chamber to the Imperial Bank of India.

I am directed to acknowledge receipt of your letter No. Ms. 460 of the 29th August, 1932. My Committee realise that,

if the question concerned the personal affairs or accounts of your constituents, they would not have much to say in the matter. In fact, they themselves deprecate taking part in any such discussions. The question, however, about which they communicated with you, in their letter No. 1180, dated 10th August, 1932, is, they believe, one of a general policy, affecting the commercial community as a class, and not as individual constituents of the Imperial Bank. The Indian Merchants' Chamber, as a representative body of the Indian commercial community, can very legitimately speak on this question, and it is regretted that you should have turned down this simple request on a technical ground. My Committee would like to know if the Bank was undergoing any loss under the old rates fixed for urgent telegrams. If there was any loss, my Committee may be allowed to urge that the Bank should not increase the rates at such a juncture, when any addition to the expenditure presses heavily on the business community. In any case, as my Committee have urged in their previous letter, the Bank would not be justified in charging anything more than what they actually incur in transmitting these telegrams.

APPENDIX 60.

Banking Hours for Exchange Business through a Broker.

Letter No. Nil, dated 30th November 1932 from the Exchange Banks' Association, Bombay to Chamber.

At a recent meeting of the Members of the Local Exchange Banks' Association the question of altering the hours during which Exchange may be transacted through a Broker was raised. The present hours for transacting such business are :—

on Mondays, Tuesdays, Thursdays and Fridays
10 A. M. to 1 P. M. and 2-30 P. M. to 4 P. M.

on Wednesdays and Saturdays ... 10 A. M. to 1 P. M.

and it was suggested that during these days of depression these hours should be condensed and be as follows :—

on Mondays to Fridays ... 10 A. M. to 2 P. M.

on Saturdays ... ... 10 A. M. to 1 P. M.

These latter times have been observed in Calcutta for many years and it is thought that they should now come into force in this market.

Before however coming to any decision it was suggested that the matter should be represented to the Chamber for their views and we shall be glad to receive them.

Letter No. 3105, dated 9th December 1932 from Chamber to the Exchange Banks' Association.

I am directed to acknowledge receipt of your letter of the 30th November, 1932. The Committee of this Chamber are of opinion that merchants outside the Fort area will experience difficulties if the business hours are changed as proposed, and that for their convenience, it would be preferable if there was no change effected in the time of working which is in force at present.

Letter No. Nil, dated 19th December 1932 from the Exchange Banks' Association to Chamber.

I have to acknowledge receipt of your letter of 9th December, and in view of the opinion expressed, the Exchange Banks have decided to make no alteration in the hours of business during which Exchange may be transacted through a Broker.

APPENDIX 61.

Use of Coal by Mills in place of Fuel Oil.

Letter No. 419, dated 1st April 1932 from Chamber to the Millowners' Association, Bombay.

The Bombay Coal Merchants' Association have forwarded to my Committee the correspondence they had with your Asso-

ciation on the question of mills using coal in place of fuel oil. While my Committee recognise that it would be desirable if Millowners could resort to the use of Indian coal in place of imported oil, they feel that it is a matter in which primarily an understanding should be arrived at between the millowners and the coal merchants. Any views that my Committee might express in the matter could only be in the nature of a recommendation.

It has, therefore, been suggested to my Committee that they should try to bring about some arrangement on this question between the parties directly concerned. To this end they would like to meet a few representatives of your Association and of the Coal Merchants' Association in a joint conference, so that the matter might be discussed in full and avenues for a satisfactory arrangement for all concerned explored.

You will kindly place this letter before your Committee, and let me know if they approve of the idea of such a joint consultation, and, if so, the names of the gentlemen who will be deputed to attend that meeting. After hearing from you, the date for the meeting will be fixed up.

Letter No. 997, dated 19th May 1932 from the Millowners' Association to Chamber.

I am directed to refer to your letter No. 419, dated the 1st April, 1932.

My Committee desire me to assure you that the representations made by the Indian Coal Merchants' Association in this behalf last year received the very careful and earnest attention of my Committee. The question was examined in all its bearings by the Association's technical advisers, with a view to exploring the possibility of members using oil fuel reverting to coal. The occasion was taken to make the Association's attitude in the matter clear to the Coal Merchants Association.

The position today is much the same, and it is very difficult, for the reasons set out in the correspondence to which you refer in your letter under reply, to get mills using oil fuel to change over to coal. It may, however, be stated that those members of the Association who have been, and are, using coal have always shown their willingness to support the Indian coal industry as far as possible. My Committee would like to take this opportunity to refer you to the fall in the imports of foreign coal in recent years, as evidence of the fact that mills in Bombay are doing their best to support the indigenous industry.

My Committee would like, in conclusion, to convey their thanks to your Committee for the offer they have made, and to say that, while they are always ready to meet representatives of the Coal Merchants' Association, they feel, since every effort is being made by the Association to encourage the use of Indian coal, that no useful purpose would be served by such a conference.

APPENDIX 62.

Curtailment of the Annual Statements of the Seaborne Trade of British India.

Letter No. 5444, dated 5th May 1932 from the Director General of Commercial Intelligence and Statistics to Chamber.

I have the honour to say that in order to effect substantial economies on stationery and printing, it has been decided considerably to curtail or to discontinue certain tables and appendices in the Annual Statements of the Seaborne Trade of British India, Vols. I & II as detailed in the attached statement. The tables proposed for omission are generally those which repeat the information given elsewhere and have been selected in such a way as not to impair the usefulness of the volumes to any great extent. Further reduction in the size of these volumes has also been suggested by raising the limit for speci-

fication of countries or articles as explained in the enclosed statement.

2. It is also proposed that the printing and publication of—

(i) The Annual Statement of the S. B. T. and Navign. of Bengal.

(ii) " " " " " " " Navign. of Bombay Presy. (excluding Sind.)

(iii) " " " " " " & Navign. of Sind.

(iv) " " " " " " " " of Madras Presy.

should be discontinued, but their compilation *in manuscript* at the respective Custom Houses should be continued for the present. Thus the Collectors of Customs will be in a position to answer a specific enquiry for any particular information by taking extracts from the manuscript volumes.

3. I shall be obliged if you will be so good as to favour me with the views of your Chamber on each of the proposals mentioned above.

Proposed Curtailment of the Annual Statement of the Seaborne Trade of British India.

(*The Page References given are for the 1929-30 Volumes.*)

Volume I.

(1) Table 10 (pp. 29-53)—Total imports of articles of British and foreign merchandise.

" 10A (pp. 54-56)—Total imports of Government stores.

" 11 (pp. 57-68)—Total exports of articles of Indian merchandise.

" 12 (pp. 69-76)—Total exports of articles of British and foreign merchandise.

These tables which are all summaries of the detailed tables regarding imports, exports and re-exports are proposed for omission as the figures given therein are available from tables Nos. 13, 14, 15 and 16.

(2) Appendix B (1071-91)—Classification by Sections of articles specified in Tables 4, 5 and 6.

It is proposed to omit this appendix.

(3) Table 13 (pp. 77-597)—Detailed table showing the imports of private merchandise by countries.

„ 14 (pp. 598-862)—Detailed table showing the exports of private merchandise by countries.

„ 15 (pp. 863-990)—Detailed table showing the re-exports of private merchandise by countries.

„ 16 (pp. 991-1025)—Detailed table showing the imports of Government stores by countries.

„ 17 (pp. 1026-1035)—Detailed table showing the exports of Government stores by countries.

„ 18 (pp. 1036-1046)—Detailed table showing the re-exports of Government stores by countries.

At present the trade in each article is recorded separately for each country where the value of that country's trade with British India is Rs. 1,000 or more. As this limit is considered to be unnecessarily low, it is proposed to raise it to Rs. 10,000, so that countries whose trade falls below that limit may be merged under "Other British Possessions" or "Other Foreign Countries", as the case may be.

Volume II.

(4) Table 13 (pp. 211-609)—Detailed statement of the trade with each country.

At present the minimum value qualifying an article of trade for separate specification in this table is Rs. 10,000 in the case of imports and Rs. 5,000 in that of exports. It is proposed that this minimum limit should in case of the exports, be raised to Rs. 10,000 as for the imports.

(5) Tables relating to the trade and navigation of the Port of Aden (pp. 645-927.)

These are a reproduction of the tables given in a separate publication styled "Trade and Navigation of the Port of Aden" and are therefore proposed to be omitted from this volume.

Letter No. 624, dated 18th May 1932 from Chamber to the Director General.

I am directed to acknowledge receipt of your letter No. 5444, dated 5th May, 1932, and to say that the same was considered by my Committee at their last meeting.

The backwardness of India in regard to statistical compilations has been the subject of complaints from many quarters, and even Officials of Government have admitted the necessity for a greater amount of statistical information. In view of this, my Committee were surprised at the proposals to curtail even such of the information as are published at present. They are strongly opposed to the curtailment of any of the Tables or Appendices referred to in your letter, except Tables in the Annual Statements relating to the trade and navigation of the Port of Aden.

APPENDIX 63.

Treatment of Indian Traders in Portuguese East Africa.

Letter No. 516, dated 19th April 1932 from Chamber to Government of India.

I am directed to send to you herewith a copy of a report, which appeared in the "Evening News of India," dated 2nd April, 1932, regarding certain disabilities which are likely to be imposed on Indian merchants resident in Portuguese East Africa.

The report refers to some legislation under contemplation by that Government, whereby it is obligatory for a foreign businessmen there to have 75 per cent. of his employees from Portuguese subjects, and for an Indian immigrant to deposit £100/- before he is allowed to enter that country. The former provision, if it is placed on the Statute Book, will affect the interests of Indian businessmen in that country very adversely and will do much injury to the development of trade with that country; while the latter will shut out Indian Labour and salaried employees from that country. It will also have the effect of depriving small traders to establish themselves in that country, as they may not be able to deposit this amount. In India, Portuguese subjects are enjoying full freedom, and are not subjected to any discrimination. The attention of Government must already have been drawn to this piece of legislation, and my Committee would like to be assured that Government are taking steps to see that Indian interests are not made to suffer.

Letter No. P. 2504-X/32, dated 11th May 1932 from Government of India to Chamber.

With reference to your letter No. 516, dated the 19th April 1932, regarding projected legislation adversely affecting British Indian interests in Portuguese East Africa, I am directed to inform you that the Government of India have already requested

His Majesty's Government to protest to the Portuguese Government against the proposed Legislation and it is understood that a vigorous protest is being made.

APPENDIX 64.

Interpretation of the term "Swadeshi" by Hon'ble Sardar Sir Rustom Vakil.

Extract from the Report of a Speech made by Sir Rustom Vakil, Minister for Local Self-Government, Government of Bombay, on 15th September 1932 at the Opening of the All-India Industrial Exhibition and Fancy Fete in Poona.

"Some of the efforts made in other places to encourage Swadeshi enterprises have not been on lines that are entirely free from objection. It was therefore with particular pleasure that I received from the promoters of this Exhibition an assurance that the lines on which they were proceeding would be those which Government can recognise as legitimate.

"You are all aware that a powerful and successful movement has been launched in Great Britain under the motto "Buy British." I am not sure, however, whether you all realise that this slogan does not mean and has never been interpreted as meaning "Buy goods produced in Great Britain." No such narrow interpretation has ever been accepted. The movement in Great Britain stands for the purchase of goods throughout the entire Empire in preference to foreign products. The promoters of the movement have spent much time and money in advertising and recommending the products of every part of the British Empire inclusive of India. It is not conceived in a spirit of narrow insularity, but aims at securing for all industrialists or primary producers, who are British subjects, preference in the chief market of the Empire.

"Now in India our industries and industrial organisations are still far behind those of Great Britain. It is still incumbent

on us—on Government and the public alike—to neglect no proper means for promoting the industries of our own country. We must all of us do our best to encourage Indian industries, organised by Indian brains and manned by Indian labour. But I venture to put it to you that we should be very short-sighted if we were to allow a policy of this sort, which I am assured inspires the promoters of this Fair, to degenerate into a movement for boycotting British goods from other parts of the Empire.

"Let us by all legitimate means promote our own industries, but do not let our natural desire to further this object lead us into excesses which may recoil on our own heads.

"It is a matter of common knowledge that in some places men who are at the head of the "Buy Indian" movement are also taking a leading part in a movement which aims at the subversion of Government, and, when this happens, I am sure that you will agree with me that it is incumbent on Government to maintain a very cautious policy towards their activities."

Press Note issued by the Committee of the Chamber on 17th October 1932.

The Committee of the Indian Merchants' Chamber have read with considerable apprehension the speech of the Honourable Sardar Sir Rustom Vakil, Minister for Local Self Government to the Government of Bombay, at the opening of the All-India Industrial Exhibition and Fancy Fete at Poona on the 15th September, last. The Hon'ble Minister is reported to have said :—

> "You are all aware that a powerful and successful movement has been launched in Great Britain under the motto 'Buy British.' I am not sure, however, whether you all realise that this slogen does not mean, and has never been interpreted as meaning 'Buy goods produced in Great Britain.' No such narrow interpretation has ever been accepted. The move-

ment in Great Britain stands for 'the purchase of goods throughout the entire Empire in preference to foreign products. The promoters of the movement have spent much time and money in advertising and recommending the products of every part of the British Empire inclusive of India. It is not conceived in a spirit of narrow insularity, but aims at securing for all industrialists or primary producers, who are British subjects, preference in the chief market of the Empire." Then he proceeds to say :—

"Now in India, our industries and industrial organisations are still far behind those of Great Britain. It is still incumbent on us,—on Government and the public alike,—to neglect no proper means for promoting the industries of our own country. We must all of us do our best to encourage Indian industries, organised by "Indian brains and manned by Indian labour." But I venture to put it to you that we should be very short-sighted if we were to allow a policy of this sort, which I am assured inspires the promoters of this Fair, to degenerate into a movement for boycotting British goods from other parts of the Empire.

Let us by all legitimate means promote our own industries, but do not let our natural desire to further this object lead us into excesses which may recoil on our own heads.

It is a matter of common knowledge that in some places men who are at the head of the 'Buy Indian' movement are also taking a leading part in a movement which aims at the subversion of Government, and, when this happens, I am sure that you will agree with me that it is incumbent on Government to maintain a very cautious policy towards their activities."

The Hon'ble Minister appears to have read into the "Buy British" movement more than what it actually stands for. "Buy British" movement is a movement, as its name implies, for purchasing and patronage of British products. The great drive initiated by the sponsors of this movement, including some of the highest in the land, has included in its programme country-wide advertisement, in the form of posters, advertisements in the daily papers, journals, and magazines, and all various and interesting forms of advertisement which the highly developed science of advertisement has evolved in the Western countries. There have been Dances, Fairs, and Bazars organised, where mannikins have paraded in the materials made in the United Kingdom. Restaurants have advertised as having specailised in an all "eat British and drink British" programme. It is true that all this propaganda had to include, to some extent, products from different parts of the Empire, as Great Britain is not producing all the different articles required for human necessities. The "Buy British" campaign, therefore, included Empire products in so far only as they were articles of necessity which were not produced in the United Kingdom. Thus, Indian Tea was given a place, as tea is not produced in the United Kingdom. The "Buy British" campaign had naturally to take into consideration the geographical, economic, agricultural and industrial limitations of Great Britain.

The "Buy Indian" campaign, or Swadeshi movement, has similarly to take into consideration the geographical, economic, industrial and agricultural situation of the present-day India. India is a vast agricultural country able to supply all the agricultural requirements of her population. Industrially, however, she has been left in a pretty well neglected condition, and it has been the cry for the last half a century or more of the leading publicists, financiers, industrialists, economists and political leaders that she should be developed industrially as much as and as soon as possible. The response from Government to this demand has been slow and halting, and it has

been left to the people to give an impetus to this industrial movement by their encouragement of the indigenous products for their own requirements as much as possible. This has been the genesis of the Swadeshi movement, which has not been of yesterday or today, but which has been going on in the country for several years past. The Swadeshi movement, as its name implies and indicates, is a movement for the encouragement of indigenous industries, and the Committee of the Chamber are therefore, surprised that in his speech the Hon'ble Minister should have tried to insinuate that a movement which was restricted to encouragement of Swadeshi industries and did not include Empire products was not going on in right lines. If you have to purchase articles made in your own country, and if they are available in India, you cannot *ipso facto* purchase imported articles. It cannot be, therefore, contended that you are carrying on a wrong movement, if your purchases are restricted to articles made in your own country and do not include articles from abroad.

The Committee of the Chamber have issued this Note, as they feel that the pronouncement of a Minister of Government, and the only authoritative pronouncement so far made on this subject by a Member of Government, must have an official sanction, and also because it was given out that the Hon'ble Sardar had consultation with the whole Cabinet before he made this speech. There is a danger in these times that over-zealous officials may read in this speech a sanction even for taking steps against "Buy Indian" or "Buy Swadeshi" movement and any propaganda carried on under its auspices. Governments in different Provinces have given an assurance that there is no intention on their part to interfere with *bona fide* "Buy Indian" or Swadeshi movement. The merit of such assurances is seriously destroyed if the approval to Swadeshi is half-hearted and conditional. It would be most serious if the Swadeshi movement, acknowledged by all without exception to be beneficial to all classes in India, is going to be condemned by Govern-

ment directly or indirectly merely because the more advanced political elements in India also advocate it. Do Government put it forward as a test of good citizenship that a man should import foreign goods and use them even when similar goods are produced in India? The Committee earnestly hope that Government would take an early opportunity to set the public mind at rest on this all important question.

APPENDIX 65.

A Testing House for Bombay.

Letter No. 3000/114, dated 3rd November 1931 from the Millowners' Association, Bombay to Chamber.

Some years ago when the equipment of the Indian Central Cotton Committee's Technological Institute at Matunga was being considered, a suggestion was made that the Central Cotton Committee should establish a Testing House similar to the Chamber of Commerce Testing House in Manchester. The idea was, I believe, considered too ambitious and expensive at the time, but in the years which have passed since, the need has, if anything, become greater, and my Committee feel that merchants and manufacturers connected directly and indirectly with the premier industry of India would welcome, and if necessary, contribute to the cost of equipping and maintaining an institution whose certificates would be authoritative and comparatively inexpensive. A few of the tests which might ordinarily be undertaken are specified in the accompaniment to this letter.

Some three months ago, the Indian Central Cotton Committee was approached in this matter as the body most appropriately placed to assist the trade. They have at Matunga the nucleus of the equipment which would probably be required for a Testing House such as my Committee have in mind, and in addition, have a number of research workers and students who have had experience in various types of testing.

It was, of course, recognised that the Act under which the Indian Central Cotton Committee was brought into existence might preclude the utilisation of their funds for certain types of tests which those connected directly and indirectly with the textile industries might require. It was made clear that the Central Cotton Committee would not be expected to bear the whole cost of equipping and running the Testing House, and that the idea was that millowners, cotton dealers, mill stores suppliers, dye-stuff importers and all those likely to be interested should bear their legitimate share. It was further stated that the Manchester Chamber of Commerce Testing House was more than self-supporting and that the trade would not be backward to pay for the certified results of tests conducted by experts whose authority could hardly be called in question.

The Technological Research Sub-Committee of the Indian Central Cotton Committee considered the Association's proposal at a meeting in July and arrived at the conclusion that there was a distinct need for a Testing House such as that outlined, in the letter from the Millowners' Association, and suggested that a strong Sub-Committee of all Sections of the trade likely to be interested should be formed to draw up a definite scheme with the total cost and the amount likely to be forthcoming from each Section. It was also suggested that the initiative for calling together the representatives of the bodies interested should come from the Millowners' Association. I am, therefore taking this opportunity of requesting you to be good enough to state your views as to whether your Chamber are generally in agreement with the idea that a completely equipped Testing House should be established in Bombay, and whether, in the event of a practical proposition being devised, your financial support would be forthcoming. I need hardly state that my Committee have every reason to believe that the members of the Millowners' Association would be prepared to contribute to the cost of the scheme.

An exact estimate of the cost of the project cannot be prepared at this stage as, in the first instance, it has not yet been definitely decided what tests the proposed Testing House should undertake. Secondly, the scope of the Testing House has to be regulated according to the financial support which may be forthcoming, and if adequate financial support is not available, the scope of the Testing House work might have to be on a restricted scale.

If the replies to this letter indicate that all Sections, or even a large proportion, of the trading interests in the Presidency are in favour of proceeding further in the matter, steps will be taken to appoint a representative Sub-committee to discuss details and if possible, frame an estimate of costs.

Proposed Tests.

Textile Tests Cloth.

Counts of Yarn.
Reed and Pick.
Strength–Warp and Weft.
Length, Width and Weight of Pieces.
Analysis for Weave.
Full Comparative Report on Samples of Cloth.

Yarn.

Moisture Content.
Counts.
Lea Tests.
Single Thread Tests.
Twist per Inch.
Length of Hanks, etc.

Cotton.

Moisture Content.
Staple Length by Balls Sorter, etc.

Chemical Tests:—Cloth & Yarn.

Percentage of Size, China Clay, Zinc Chloride, Magnesium Sulphate, etc.

Percentage of Cotton, Wool, Silk, Art. Silk, etc. in Mixture cloths.

Causes of Tenderness, Strains, Mildew Growth.

Fastness of Dyes.

Chemical Analysis of Materials used by the Industry.

Oils:—Specific Gravity, Viscosity, Flash Points, etc.

Melting and Solidifying Points of Fats & Solid Oils.

Lubricating Oils:—Specific Gravity, Viscosity, Flash Point, Fatty Oil, Mineral Oil and Free Acid.

Comparative suitability of different Samples for use as Spindle, Engine, Cylinder or Motor Oil.

Coal:—Complete Analysis; Calorific Value; Moisture; Ash; and Volatile Matter, etc., etc.

Tests on Belting:—Degree of Conformity with Standard Specifications.

Dyes:—Comparative Colour Tests.

Letter No. 43, dated 11th January 1932 from Chamber to the Millowners' Association.

In continuation of my letter of the 17th December (acknowledgment) 1931, the Industrial Sub-Committee of my Chamber feel, in the absence of a detailed scheme and estimates of probable expenditure, as also the sources from which the same could be made up, that it is not possible for them to express any view, whether the establishment of such a testing house would be practicable.

The Sub-Committee, however, note from the last paragraph of your first letter that, in the event of a general support for the proposal, you intend forming a representative Sub-Committee of all Associations to work out the details. They would be glad to send their representatives to such a Sub-Committee, if the same is to be formed, so that with the further information which may be made available during the discussions at the Sub-Committee meetings, they may be able to place before the Committee of the Chamber further details of the scheme. On

hearing from you, I shall communicate the names of members who will represent the Chamber at such meetings.

My Committee once again wish to make it clear that, without more detailed information regarding the cost and the sources, from which the same could be met, it is not possible for them at this stage to express themselves regarding the desirability or otherwise of concerting measures for the establishment of such a testing house.

V. GENERAL.

APPENDIX 66.

Political Situation—Arrest of Mahatma Gandhi.

Telegram dated 2nd January 1932 from Chamber to H. E. the Viceroy.

"In the interest of maintaining peace in the country and averting accentuation of economic collapse, Committee Indian Merchants' Chamber, urge His Excellency the Viceroy to grant interview to Mahatma Gandhi without imposing conditions. Committee consider Mahatma Gandhi the only moderating force working for peace in the country whom Government should endeavour to reconcile. Refusal of His Excellency to see Mahatmaji except on certain conditions would, in the opinion of the Committee, be at this juncture blunder in statesmanship which may lead to disaster for both India and England—B. N. Karanjia, Vice-President"

Telegram dated 5th January 1932 from Chamber to H. E. the Viceroy.

"Committee Indian Merchants Chamber respectfully protest against the promulgation of the four New Ordinances and their Application forthwith to Bombay as they have always held that under the Ordinary Law of the land the Government have ample Powers to deal with any situation arising in the Country Stop in particular Committee would point out that to the best of their knowledge and belief nothing has happened in the Presidency

warranting the Application of these Ordinances Stop Committee apprehend that the Ordinances will inflict a serious blow to the course of Trade will affect also Government Finances adversely and will lead to a further deterioration of the Economic situation which is already very acute stop in Chambu.

APPENDIX 67.

Proposed Meeting of Commercial Association re: the Political Situation.

(Note: The Correspondence is not printed here; but, can be referred to in Chamber's file R. 25 of 1932.)

APPENDIX 68.

Statement of the Secretary of State for India re. Indian Reforms.

Statement issued by the Committee of the Chamber on 6th July 1932.

The Committee of the Indian Merchants' Chamber have carefully considered the declaration of policy, in regard to Indian constitutional reforms, made in the British Parliament by the Rt Hon. Sir Samuel Hoare, Secretary of State for India, on the 27th June last. They find in the tone, as well as the substance of that declaration, ample grounds for the utmost alarm and dismay, regarding not only the future of India, but also the peace of mankind and the lifting of the present economic depression that envelopes the whole world.

2. The Secretary of State has spoken in no uncertain terms, regarding the intentions of the British Government on the question of the constitutional advance of India. Speaking as he did on a specific vote before the House, on the India Office Estimates, the Secretary of State must be taken to be voicing the considered opinion of the British Government; and as such there is every reason to scrutinise minutely the terms as well as the tone of this declaration for any one concerned in the well-being of India. The

Committee find the statement of policy couched, from beginning to end, in a tone of uncompromising hostility to Indian aspirations which had, until only the beginning of this year, been studiously fostered and encouraged by common consent. The resolve of the Secretary of State not to consent to a "drawn battle" with the elements which represent the advanced wing of Indian political opinion; his impatience of any criticism, not only against the Ordinance Regime in India as a whole, but also against the administration of any particular ordinance; his steadfast refusal to admit that any departure has taken place from the policy the British Government themselves had accepted hitherto on this matter, are all cumulative indices of the radically changed policy of the British Government in this regard. Search as one might, not a ray of hope will be discovered in the expressed terms of the Secretary of State's speech to justify the slightest hope of a relaxation of the present drastic regime of wholesale repression and a complete denial of political rights to the Indian people. The action taken by the Government of India following upon that speech is but a corollary to this changed attitude, and so the Indian problem reveals not a gleam of hope to the most zealous searcher for such hope.

3. Even if the Committee leave aside the tone of hostility adopted by the Secretary of State, the actual substance of his declaration of policy must be equally condemned, not only as denying the legitimate political ambitions of the Indian people, but as going back altogether on the accepted policy, repeatedly declared to be their aim by the successive British Governments and their spokesmen in India and in Britain. The change of policy now declared affects both the method of approach to the Indian question, and the final solution of the same. To take first the *modus operandi* for effecting constitutional reforms in India, the Government of Lord Irwin had formally declared their acceptance of the conference method, in contrast with the method of super-imposition or dictation, by a momentous declaration made by the Viceroy on the 31st October 1929. Even before Lord Irwin's declaration, Lord Reading's Government had (in 1924) been moved by a formal resolution, passed in the Indian Legislative Assembly in February

1924 by an overwhelming majority, recommending to the Governor-General-in-Council.

> "to take steps to have the Government of India Act revised with a view to establish full responsible Government in India....." (Assembly Debates 1924, page 768)

Lord Irwin's own declaration was made on the authority of the British Government, after a personal consultation between the Viceroy, the Prime Minister and the then Secretary of State. In the course of that declaration Lord Irwin observed—

> "But in view of the doubts which have been expressed both in Great Britain and India regarding the interpretation to be placed on the intentions of the British Government in enacting the Statute of 1919, *I am authorised on behalf of His Majesty's Government to state clearly that in their judgment it is implicit in the Declaration of 1917, that the natural issue of Indian constitutional progress, as therein contemplated is the attainment of Dominion Status.*"

With this objective before them, and with the intention, if possible, to bring the Indian States into a United Commonwealth or Federation of India, Lord Irwin further declared in the same statement and again on behalf of His Majesty's Government—

> "When, therefore, the (Simon) Commission and the Indian Central Committee have submitted their reports, and these have been published and when His Majesty's Government have been able, in consultation with the Government of India, to consider these matters in the light of all the materials then available, *they (will) propose to invite representatives of different parties and interests in British India and representatives of the Indian States to meet them*, separately or together as circumstances may demand, *for the purpose of a conference and discussion in regard both to the British Indian and the Anglo-Indian problems.* It will be their earnest hope that by this means it may subsequently prove possible

on these grave issues to submit proposals to Parliament which may command a wide measure of general assent."

4. All throughout the Round Table Conference convened in accordance with the declaration of policy, both in 1930 and 1931, the principle of settling the Indian problem by amicable consultation in a Round Table Conference, in supersession of the method of dictation from above, was clearly accepted by the representatives of the British Government. The British Prime Minister, in concluding the Second Round Table Conference, on 1st December 1931, stated that—

"These Conference had to be the means by which diversity of opinion had to be expressed, these Conferences enabled us not only to mobilise the goodwill of India and England, but also enabled us to mobilise the great problems, the historical problems of India."

According to the same high authority the Conference was not dissolved nor ended, but was to be continued in a Working Committee in India, so as to keep the British Government into touch with Indian opinion and developments. At the same time, certain other Committees were appointed to examine problems of practical administration involved in the main issue of establishing a Responsible Government of the Dominion character in India.

5. Assuming, then, that the Round Table Conference was not dissolved but only adjourned, and its work was to be, as expressly stated by the Prime Minister himself, continued in India by means of a Working Committee and the details it had left unsettled to be worked out by other Committees, it is impossible not to read in the latest declaration of policy made by the Secretary of State on the 27th June, a complete negation, a radical reversal of all that has happened hitherto. The Committee of the Chamber cannot but consider this to be a fatal change on the part of the British Ministers. In this connection, the events of the last six months cannot be overlooked. Even those who might have regarded these events, and particularly the ordinance regime, as an inevitable,

if disagreeable, temporary makeshift for the Government, while the latter were working out detailed specific proposals for constitutional reforms in India, must consider the present declaration of policy to be a most unwelcome surprise, a barefaced change of attitude, and a gross betrayal of pledges by the British Government. Even if it be granted that no definite conclusions were arrived at in the first or the Second Round Table Conference, it was generally agreed,—and the agreement is evidenced in the Prime Minister's own closing speech,—that the Conference method of settling the Indian problem by amicable discussion and negotiation,—as contra-distinguished from the super-imposition of such constitutional changes as the British Government of the day felt it inevitable to introduce in India,—was not to be abandoned. And yet, notwithstanding the Prime Minister's own declaration only 7 months ago, his lieutenant, the Secretary of State roundly declares in Parliament that that method has been abandoned; that Government propose to go on with such changes in the present constitution of India as they deem suitable or inevitable for India; and that, for that purpose, Government will prepare and put forward their own scheme before Parliament. During all this period a state of emergency would be presumed to continue in India sufficient to justify the continuance of the Ordinance regime. Indian opinion will be invited, if at all, not in consultation as in a conference of equals, but only in evidence before a Joint Parliamentary Committee which would consider the details of the Bill before it is finally passed into a Parliamentary Act.

6. The radical divergence of this method, as now announced, to be the considered policy of the British Government, from the one hitherto accepted and followed by common consent of both parties, does not require any elaborate pointing out. The points however, must be clearly stated that whereas in the past whatever changes were to be made in the Indian constitution were to be a reflection of the greatest common measure of agreement on such matters between the parties and interests concerned therein, now the intention of the British Government seems to be to make

only such changes which they,—and they alone,—deem necessary and expedient without the slightest regard to the Indian sentiment on the subject. Secondly, the consultation with Indian public would either not take place at all in actually framing the constitutional proposals, or would take place in the form of evidence before the Parliamentary Committee. There the Indian witnesses would have no right to share in common deliberations, but only to put forward their opinion. Such a statement of opinion will not be necessarily binding upon the Parliamentary Committee; and will, as such, be, for all practical purposes, a waste of time and energy for those Indians who may be found suitable for Government to invite before the Parliamentary Committee. Incidentally, it may be mentioned that there is no indication as to how such Indians will be invited,—if any are to be invited,—to appear in evidence before the Parliamentary Committee. The experience, however, of the last six months, read in conjuction with the tone in the latest declaration of policy, amply justifies the apprehension that if any such Indians are chosen to appear before the Parliamentary Committee, they will be carefully indoctrinated so as only to serve as mouthpieces of the British bureaucracy in India.

7. Finally, the Parliamentary Bill emerging after the deliberations of the Joint Committee will be a creation exclusively of the British Government, and as such, in contravention of the policy hitherto accepted both in India and England as indicated above, and pursued in 2 Sessions of the Round Table Conference, not to add the intervening negotiations between those Sessions.

8. If the change in procedure or *modus solvendi* of the problem must be profoundly deplored, the substance of the Secretary of State's declaration indicating the actual constitutional changes the British Government intend to put forward, is even more alarming. The hopes of a united Commonwealth or Federation of Indian units of British Provinces and Indian States are for the moment, at any rate, completely shattered. There may be, the Committee are prepared to recognise, practical difficulties in the way of an immediate consummation of the idea of Federation; and, as such, the Committee may be ready to consider a temporary postponement of

that consummation, pending the solution of certain practical problems of Federal constitution, finance or administration. But even so, the Committee can see no reason why, in the Parliamentary enactment reforming the Indian constitution, clauses cannot be inserted which would automatically admit of the Federation being formed, when the points at issue or the difficulties now encountered have been solved.

9. Granting for the sake of argument, that the inevitable delay in the solution would be unconscionable and that the inclusion of provisions for Federation in the forthcoming Bill for constitutional changes in India would render such a Bill needlessly cumbrous and complicated, there is no reason why British India should not be treated as a whole, as it has been hitherto. Until the Declaration of 31st October, 1929, all projects and promises of constitutional reforms in India have applied only to British India. The possibility of including the Indian States into a Commonwealth of India was welcomed by public sentiment in this country, when first it was made a practicable proposition by the Declaration of Lord Irwin, and the correspondence between Sir John Simon and the Prime Minister on the subject. But that departure from the accepted policy of 70 years not to be taken to exclude the fruition of Indian ambitions for constitutional reforms so far as British India as a whole was concerned. If the States were not ready to federate or if there be any mechanical difficulties or complications in the way of such a Federation, neither at the Round Table Conference, nor in the negotiations outside that Conference was any reason advanced why the promised introduction of Responsible Government in British India as a whole should be delayed any longer.

10. Indian public sentiment will, the Committee fear, not be satisfied, at this time of the day, with anything less than full Responsible Government for British India as a whole, including, of course, complete Self-Government or autonomy in the Provinces, consistent with the preservation and maintenance of the unity of British India as a political entity. The speech of the Secretary of State in Parliament on 27th June seems to deal a death-blow to this

ambition; and, as such, the Committee fear, this new declaration of policy will meet with the same reception that the appointment of a Parliamentary Commission (Simon) from which Indians had been completely excluded did 5 years ago.

11. Incidentally, it may be observed that the Committee had hoped that when the full period of six months expired, the Ordinances would lapse, and would not be renewed thereafter. The spirit of the Government of India Act, 1919, is clearly against their continuance for a period longer than 6 months, as also against their renewal in any form whatsoever. The Secretary of State, however, apparently considers the emergency to continue still sufficiently to require the re-issue of the ordinances in a consolidated form; and accordingly the Viceroy has since issued such a consolidated ordinance. This action, however, has precluded the Indian Legislature from considering the necessity of any such measure, if it be really necessary in the opinion of the legislative authority in India. The Committee would not go into details of the changes made in the consolidated ordinance. But they cannot but repeat, what they have urged more than once in the past, that these ordinances have a most disastrous effect on trade and Industry. Business cannot be conducted while confidence is lacking, and confidence will not be restored while the rule of ordinary law is not in force. This is altogether apart from the general apprehension that Government by ordinance denying the most elementary rights of citizenship to vast masses of the people must fail to command popular support in any degree. The renewal and continuance of that regime is the more objectionable, as it will preclude fostering of that atmosphere of peace which alone would be favourable for a calm consideration of the projected reforms, such as they might be. The Committee would accordingly press upon the authorities in India as well as in Great Britain that now that the object aimed at by Government when they originally issued the ordinances, seems, on their own evidence, to have been accomplished, the time has come when the Ordinances in any form should forthwith be discontinued, and opportunity be afforded for normal business to revive.

12. The introduction of Provincial Autonomy, which seems to be the only item in the nature of a concession in the declaration of Sir Samuel Hoare, will not satisfy political opinion in India of any shade or party, simply because Provincial Autonomy by itself will be unavailing for accomplishing the real progress of the country so long as the Central Government of British India, remains non-responsible to the people of India, and continues to be bureaucratic. The autonomous Provinces under such a scheme would only serve as mortifying agents to the representatives of the people in the Provincial Legislatures, and to their leaders in the Provincial Ministries. For any scheme of national regeneration, or even of local advancement, any project of national development in any part of the country, may be held up or negatived, not because that particular Province which puts forward such a project does not need it, but because exigencies of the non-responsible Central Government would not permit it. The division of functions, moreover, between the Provincial and Central Governments will be, and will have to be, such, in accordance with the spirit of the declaration made by Sir Samuel Hoare, that it would most narrowly and unjustly circumscribe the activity of the Provincial Governments. Nothing would be allowed to the Province which would have the slightest tendency to weaken, or embarrass, or in any way impede the Central Government. If this apprehension is not realised, and the Provinces are allowed a much wider margin of activity so as to amount to a complete autonomy in all matters relating to the Province, the result at weakening of the Central Government would have a reaction upon the country as a political unit, that cannot be but deplored by every far-sighted statesman of India.

13. Under these circumstances, the Committee view the statement of policy made by the Secretary of State to be open to the greatest objection, both in tone and in substances. They believe that it will meet with the strongest possible criticism and opposition from all shades of Indian political opinion; and so they hope that the powers-that-be will realise, while it is yet time for them to undo the mischief of this statement, and so retrace their steps so as to bring the policy

of Government, and the measures taken in accordance therewith, to be more in conformity with the wishes of the Indian people.

APPENDIX 69.

Representation of Commerce in the future Legislature.

Letter No. 154, dated 16th July 1932 from the Government of Bombay, Reforms Office to Chamber.

I am directed by the Governor-in-Council to state that in paragraph 323 of their Report the Indian Franchise Committee have suggested that the desirability of some re-arrangement or re-distribution of the Commerce and Industry Constituencies of the Bombay Legislative Council should be examined at the stage of the delimitation of Constituencies. As it is necessary that the question should be examined and the necessary material should be collected by Government before the Delimitation Committee proposed by the Franchise Committee is constituted, I am directed to request that you will be so good as to favour Government with your remarks on the suggestion made by the Indian Franchise Committee.

2. It is not known along what lines the Committee considered re-arrangement or re-distribution of the existing constituencies desirable or feasible. But it would appear that such re-arrangement or re-distribution can be made, *inter alia*, by providing representation for any particular trade or industry or commercial interest, the representation whereof is necessary for more effective representation of commerce or industry, or by abolishing a seat allocated to any commercial association whose representation is no longer necessary or serves no particularly useful purpose, or by providing increased representation for any association at present represented in the Council, or by combining any two or more associations at present returning members to the Council for the purpose of returning their quota of representatives to the Council or by any other similar method calculated

to secure the representation of Commerce and Industry in the most effective manner practicable.

3. I am also to invite reference to paragraph 324 of the Report wherein it is stated that it has been pointed out that in some cases the rules of certain Associations which are recognised for the purpose of electing members to the legislatures might be so applied as seriously to affect their representative character. Though the Committee have stated that they had no evidence that this had in fact occurred, they have recommended that the point should be borne in mind, and the position reconsidered if it should, at any time, appear to Government that they are no longer representative of the interests assigned to them. I am to request that you will be so good as to favour Government with your opinion as to whether any changes are required in the electoral rules governing your Chamber with a view to remove this defect if it exists.

Letter No. 1598, dated 29th September 1932 from Chamber to Government of Bombay.

I am directed by the Committee of this Chamber to acknowledge the receipt of your letter of the 16th July 1932, No. 154. My Committee have noted that the Lothian Committee have recommended the continuance of the constituency of this Chamber for purposes of representation of Indian commerce both on the new Provincial Legislative Council and the new Central Legislature. This Chamber is enjoying this privilege, since 1920, under the Government of India Act based on the Montagu-Chelmsford Reforms Scheme. This Chamber is the only really representative commercial organisation in this City, though there are about 50 other organisations for different trade interests. There are 22 Trade Associations affiliated to this Chamber. It has got 453 members, who represent all important trades and industries. Not once during all these years has any complaint been made in any quarter regarding any defects in the rules and regulations for the elections by this Chamber or regarding the representative character of the Chamber itself. I am directed to enclose herewith,

for your information, a complete list of members, as also a copy of the Rules and Regulations, of the Chamber.

The Electoral Rules governing the elections by this Chamber to the Provincial and Central Legislatures are given in the Bombay Electoral Rules and the Bombay Electoral Regulations and the Legislative Assembly Electoral Rules. My Committee are of opinion that no changes are required in these rules. There is one point, however, to which my Committee would like to draw your attention. This is the requirement of the rule in the Bombay Electoral Rules that:—

> "A person shall be qualified as an elector for a Commerce and Industry constituency whose name is entered in the list of members, for the time being in force, of the Association forming such constituency or who is entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm or company or corporation entered in such list of members."

It comes to this that there can be no change made in the names of members representing different firms or companies, members of the Chamber, when the electoral roll is finally published. If any change has to be made, one will have to go to the Small Causes Court. Representatives of different firms or companies may be changed in the interval, and in that case these firms or companies who are members of the Chamber and entitled to a vote, will thus be left without the right of voting. My Committee note that the Franchise Committee have recommended, in their paragraph 325, that the point is one which merits consideration. My Committee, are therefore, of opinion that firms or companies should be allowed to be registered in their own names as voters in the electoral roll, and that any gentlemen who represent them, for the time being, be entitled to vote on their behalf, provided that any changes in the names of representatives be made at least one week before the date of election, after which no such change shall be made.

Letter No. 154, dated 24th November 1932 from the Government of Bombay to Chamber.

With reference to the suggestion made in paragraph 325 of the Indian Franchise Committee's Report, that in the case of the Commerce and Industry constituencies the name of the firm should appear on the electoral roll and that the firm should depute some one to act on its behalf in an electoral capacity. I am directed by the Governor-in-Council to forward herewith a draft of the amendments which are proposed to be made in the Bombay Electoral Rules and Regulations to give effect to the suggestion and to request that you will be so good as to favour Government with the views of your Chamber thereon at an early date.

Amendments required in the Bombay Electoral Rules and the Bombay Electoral Regulations to give effect to the suggestion that the electoral roll should give the names of firms and that each firm should depute some person to act on its own behalf in an electoral capacity.

Bombay Electoral Rules.

1. *Rule 6 (2)-(a).* After the words "special constituency" the words "other than a Commerce and Industry constituency" shall be inserted.

(*b*) After Sub-rule (*2*) the following Sub-rule shall be inserted namely :—

"(*2a*) No person shall be eligible for election as a member of the Council to represent a Commerce and Industry constituency unless his name is registered on the electoral roll of the constituency or unless on the date of his nomination as a candidate he is entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm, company or corporation registered on the electoral roll for the time being in force of the constituency."

2. *Rule 10(1).* The following proviso shall be inserted after proviso (*c*) namely :—

"(*d*) In the case of a Commerce and Industry constituency if the person registered on the electoral roll for the time

being in force of the constituency is a firm, company or corporation any person who, on the date on which the poll is taken, is entitled to exercise the rights and privileges of membership on behalf of and in the name of such firm, company or corporation, shall, subject to provisos (*b*) and (*c*) be entitled to vote at an election of a member or members for the constituency."

8. *Rule 30.* After Clause (*b*) the following shall be inserted namely :—

"(*bb*) 'Elector' includes in the case of a Commerce and Industry constituency, a person for the time being entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm, company or corporation registered on the electoral roll for the time being in force of such constituency."

4. *Schedule II, Rule 7.* The words "or who is entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm or company or corporation entered in such list of members" shall be deleted.

5. *In Schedule III.*

(*a*) For the words "constituency on the electoral roll of which the candidate is registered as an elector" the words "constituency on the electoral roll of which the candidate or the firm, company or corporation which the candidate represents is registered as an elector" shall be substituted; and

(*b*) For the words "number of the candidates in the electoral roll of the constituency in which he is registered as an elector" the words "number of the candidate, or of the firm, company or corporation which the candidate represents in the electoral roll of the constituency in which he or such firm, company or corporation is registered as an elector" shall be substituted.

Bombay Electoral Regulations.

6. In regulation 1(1) of Part VIII, after Clause (*b*) the following clause shall be inserted, namely :—

"(*bb*) The name of the firm, company or corporation and its address shall be entered in the roll."

Letter No. 43, dated 8th December 1932 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter No. 154, of the 24th November, 1932, and in reply to say that my Committee approve of the amendments proposed to the Bombay Electoral Rules and Regulations. As a matter of fact, they had themselves, in their letter to you, No. 1593, dated 29th September, 1932, suggested this reform in the Electoral Roll of Commerce and Industry Constituencies.

APPENDIX 70.

Communal Award.

Statement dated 28th September 1932 issued by the Committee of the Chamber.

Communal Decision.

1. General Character of the Decision.

The Committee of the Indian Merchants' Chamber have carefully examined the Communal Decision given by the Prime Minister of the United Kingdom. Under the arrangement resolved upon at the end of the Second Round Table Conference, the Prime Minister, representing the British Government, had undertaken to declare the Government's policy on this vexed question, since no agreement had been arrived at amongst the communities and interests concerned. The present Decision must, therefore, be taken to reflect in all its essential features, the deliberate policy of His Majesty's Government; and, as such, the objections, to which the Decision in itself is open, must inevitably be urged against the policy of the British Government in this behalf.

Separate Electorates.

2. The Committee would reiterate their own views, expressed as early as 1918, which they have held since the Montagu-Chelmsford Reforms Report, that—

> "They are strongly against Communal representation on principle except in regard to Mussalmans to the extent of the compact arrived at between the Indian National Congress and the All-India Muslim League at their respective Sessions at Lucknow in 1916. While they endorse the objections to communal representation in paragraphs 227* to 230 they would emphatically protest against the suggestion in the second part of the para 232 in reference to the formation of Special Electorates for the planting and mining interests and for interests of European commerce generally."

The Committee consider Seperate Communal Representation as detrimental to nation building and to national interests; yet they must admit that the conditions prevailing throughout the country and the alleged loss of mutual trust and confidence and the resultant failure of the country's representatives at the Round Table Conference to arrive at another solution do not indicate a situation that can justify their demanding the immediate complete abolition of those principles. At the same time, they disapprove of the extension of this principle to alien communities and interests out of all proportion to any claim that they may have.

Special Electorates for Non-Indians.

3. European Representation-Disproportionate Weightage.

The Committee must, in this connection, and in accord with the main principle of representation they advocate, point out the cases of special representation granted to the Europeans in India on more than one ground. This is out of all proportion to the strength or importance of this community in the country. The Committee have prepared and attach hereto a tabular statement of

(*)—(Montagu-Chelmsford Report, 1918).

the number and proportion of seats obtained by the several communities and interests in the different Provinces, as also their proportion in the total population, according to the latest Census. According to the Simon Commission Report, Volume I, Page 109 the total strength of Europeans all over India and Burma is 176,000. This includes the soldiers in the Army (70,000), Civil servants of all grades (12,000) and the mercantile section, including 45,000 women. In the Governors' Provinces of British India, according to that authority, the total figure was 136,000, as against a total population of 246½ millions (1921 Census). Hence, as the Report observes, "the adult males not in Government service amounted to 21,780 in British India." To this body of 22,000 men, in round terms, in all the Provinces of British India, an aggregate representation of something like 61 is given on one of two distinct grounds, *viz.*, either frankly as Europeans (25 seats) or as representing Trade and Commerce in India (36 seats.) This is without counting the representation given to the Anglo-Indians and Christians in India, without also counting such representation of the Official element as may be secured to that element in the several Provinces, and, of course, without counting the still further representation yet to be given to them in the Central Legislature, to which the present Decision does not apply. These figures would suffice to prove that whereas the general population of Hindus secure a seat for roughly every 300,000 of their number, the Europeans in the several Provinces secure one seat for every 2,266 of their total strength, or a weightage of some 15,000 per cent. And if we omit from the total strength of the European population in India, public servants of all grades and departments as requiring no representation, the proportion would probably work out as one seat for every 600 of the population.

4. Europeans' stake in India.

On the other hand, if the importance of the Europeans in India is to be measured by the stake, that community is supposed to hold in the commerce and industry of the country, the authority already cited (Simon Report) have admitted the fact that, except perhaps in Bengal and Cawnpore, the bulk of the industrial capital

invested in India, and the overwhelming majority of industrial labour, is undoubtedly Indian within the meaning of the Fiscal Commission's recommendations. Even if we measure the importance of the community by its stake in the commerce of the country, it must be noted that the Europeans have practically no place in the internal commerce of the country. This commerce is, under the conditions of India, probably ten times as important in value, and hundred times as important in volume, as the foreign commerce. Even as regards foreign commerce, more than half is handled by the Indian commercial community. Under these circumstances the Committee fail to understand why the Europeans in India have been given such a multiple and special representation, so heavily out of all proportion to their strength, their stake, or their service to India.

5. Contrast with the stake of Indian Commerce.

In contrast with the most favoured treatment given to the Europeans, the Committee cannot but point out that the Indian commercial community represents perhaps more than three-fourths of industrial and commercial capital invested in the land, handles practically the whole internal trade of the country, and conducts over 60 per cent. of the foreign trade of the country. If special treatment is at all to be given to the commercial elements, whether or not the latter need or desire it, the Committee must emphasise the obvious fact that the Indian commercial community deserves such consideration at least ten times more than their European rivals. And yet, the Prime Minister's Decision accords them only half of the special representation given to European commerce in the Provinces, and less than 30 per cent. of the total special European representation.

6. Objections to representation of Non-citizens.

This extraordinarily favourable and special treatment given to the European community in India is all the more objectionable, because of its necessary implication that those who claim to be Europeans are not citizens of India. The Committee are aware that the definition of Indian citizenship has yet to be given. But they cannot but point out that the insistence upon

special privilege to Europeans in India *as* Europeans would be incompatible with the normal requirement of every sound political principle that no one should be given political rights except the citizens of the country. If the fantastic logic, which has inspired the claim for special treatment for Europeans in India, is to be strictly carried out, the Japanese perhaps ought to be given a still larger representation, for they at least are *buyers* of India's raw products, and therefore,—in a manner of speaking,—greater benefactors to the Indian primary producer, while the Europeans in India are mostly interested in competing with the nascent Indian industries by importing foreign products into the country. The Committee have advanced this argument, simply and solely, to show how utterly absurd the claim for special treatment by any such non-Indian communities, priding themselves on their being non-Indians, is—

7. *Apprehension re: further disproportionate representation in the Central Legislature.*

The Decision of the Prime Minister, awarding such disproportionate representation to Europeans in the various Provincial Legislatures, cannot but be regarded as a fore-runner of a still more disproportionate recognition of the Europeans in the Central National Legislature. For there the claim of the Europeans would presumably be held by the British Prime Minister to be even more considerable than in the Provinces, for the simple reason that the functions of the Central Government concern far more vitally the commerce and industry of the nation than the functions ordinarily within the jurisdiction of the Provincial Governments. The Committee see no justification whatsoever for any recognition of the claim for foreign mercantile interests for protection, as their object, frankly speaking, has often been in conflict with the interests of Indian commerce and industries. Apart from this consideration, whatever may be said of the claim of the foreign commercial community in India for some recognition in the Central National Legislature, the Committee must repeat that in the Local Legislatures there is absolutely no reason for special attention being paid to such alien interests.

8. Discontinuance of Official Bloc—not a reason for this disproportionate Weightage.

The only reason that is being advanced in interested quarters for such special treatment, is the plea that, under the proposed Reforms, the Official bloc is likely to disappear; and that, therefore, smaller communities and special interests which have hitherto looked to the Official bloc for safeguarding their interests, must now look to their own strength for the purpose. In this connection, the Committee must point out, in the first place, that the elimination of the Official bloc would be,—as and when it is accomplished,—the only evidence of the sincerity of the British Government to make a substantial transfer of power from the present bureaucracy to the representatives of the Indian people. On that understanding, the discontinuance of the Official bloc cannot be made into a reason for creating new blocs that would always act so as to frustrate and defeat the wishes of the Indian people in political matters. The European element, particularly in Bengal, as the figures now show, would always almost hold the key position; so that virtually speaking those representatives will be the dictators in such a Province, though they only muster less than tenth of the total strength of the Local Legislature.

9. Europeans—Virtually the Dictators.

The mischief of this disproportionate position lies not only in the probability of virtual power being thus in the hands of an infinite small minority, and an alien minority at that, but also in the progressive demoralisation of the Indian politicians, which the presence of the foreign element in such an entrenched position amidst them must involve.

The Committee realise that, in the absence of an agreement the decision of His Majesty's Government will prevail, but the Committee are firmly of opinion that suitable opportunities have not yet been provided for such an agreement; full and free opportunities should, therefore, be given to all parties concerned, including those important interests which are at present in jail, and whose

participation in reaching such an agreement is indispensable. Failing such opportunities, the Committee are of opinion that the Prime Minister's offer to replace the Communal Award by such agreement is not a fair position to take, as there is still a chance of an agreement being arrived at. The Committee would appeal to every leader in India of every community to do his best for a national forum for the decision of this question to be brought about so that with a Spirit of give and take, and with a view to secure the betterment of the nation as a whole, some arrangement may be made. The Committee are firmly convinced that, if the principle of separate electorates by Communities is to be retained in Constitution, it should be retained not because His Majesty's Government desire that it should be retained, but because the parties concerned have mutually agreed for its retention until such time as may be necessary.

Province.	General.	Dep. Cl.	Back Area.	Mahomedans.	Ind. Chris.	Anglo-Ind.	Europeans.	Commerce Euro.	Etc. Ind.	Landholders.	University.	Labour.	Total.	Total Population (000's)
Madras ...	134 (6)	18	1	21 (1)	9 (1)	2	3	4	2	6	1	6	215	46,740
	41,300			3,305	1,774	23	11							
Bombay ...	96 (6)	10	1	63 (1)	3	2	4	5	3	3	1	8	200	21,854
	16,821			4,456	317	10	33							
Bengal ...	80 (2)	...	...	119 (2)	2	4 (1)	11	14	5	5	2	8	250	50,114
	21,895			27,498	180	22	23							
U. P. ...	132 (4)	12	...	66 (2)	2	1	2	2	1	6	1	3	228	48,408
	40,974			7,182	205									
Punjab ...	43 (1)	31 (1)	...	86 (2)	2	1	1	...	1	5	1	3	175	23,580
	6,369	Sikhs 3,069		13,392	415	9	25							
B. & Orissa.	99 (3)	7	8	42 (1)	2	1	2	2	2	5	1	4	175	37,677
	31,016			4,264	342	4	6							
C. P.... ...	77 (3)	10	1	14	...	1	1	1	1	3	1	2	112	15,507
	13,416			682		3	6							
Assam ...	44 (1)	4	9	34	1	...	1	8	3	...	...	4	108	8,622
	4,949			276	202		3							
N. W. F. ...	9	Sikhs 3	...	36	...	...	...	...	...	2	...	...	50	2,425
	143	42		2,227										
	715 (26)	61	20	481 (9)	21 (1)	12 (1)	25	(54)		35	8	38	1,513	254,927
	1,76,892			63,282	3,435	71	107							
Percentage:	47·25	4·2	1·33	31·8	1·4	0·8	1·50	3·6		2·31	0·5	2·5		
		Sikhs 35 (1) 3,111 2·31%												

Figures in brackets are number of women. Second row in each item shows population in thousands.

APPENDIX 71.

Classification of Political Prisoners.

Letter No. 413, dated 1st April 1932 from Chamber to Government of Bombay.

I am directed by the Committee of this Chamber to draw the attention of Government to the classification of prisoners followed at present regarding those people who are convicted and sent to jail of any one of the offences connected with the civil disobedience movement. My Committee addressed a similar letter to Government on 5th December 1930, when Government replied that the Committee of the Chamber were mistaken in supposing that the rules framed by them in this connection were not being observed in practice. My Committee regret that they have to take up this question again after a lapse of about 15 months. The rules laid down by the Government of India regarding the classification of political prisoners were practically the same as those framed by the Government of Bombay, excepting a small difference here and there. My Committee feel that it is very clear from these rules that this classification has to take into account the social status, education and habits of life of the prisoners, provided, of course, that they are not convicted of offences involving elements of cruelty, moral degradation or personal greed; or serious or premeditated violence, etc. It is also clear that "C" class is generally meant for the "ordinary jail population." Surely, it cannot be contended that people who are at present sent to jail owing to their having taken part in the civil disobedience movement form part of the ordinary jail population, and so they must be either placed in "A" or "B" class. It is found, however, that very few people, if any, are placed in "A" class and that a small number of people are placed in "B" class, while the rest, whether men or women, are all placed in "C" class. Instances have happened wherein people enjoying a very high status in business life and whose standard of living in ordinary life was very high have been placed in "C" class. This is not in keeping, my Committee submit, with the spirit of the rules for the classification of prisoners, and my Committee trust that Government will be pleased to look into this matter and revise the

classification where it is possible and also to issue instructions about the stricter enforcement of the rules regarding this classification.

Letter No. 6039/2-V (b), dated 5th April 1932 from Government of Bombay to Chamber.

I am directed to acknowledge the receipt of your letter No. 413, dated the 1st April 1932, about the classification of prisoners, and to state that it is receiving attention.

Letter No. 1713, dated 17th October 1932 from Chamber to Government of Bombay, Home Department.

The Committee of this Chamber had addressed a letter to the Government of Bombay, dated 5th December 1930, No. 3849, complaining against rules regarding the classification of prisoners not being observed in practice. To this a reply was received from Government stating that the Committee were mistaken in supposing that the rules framed by Government in this connection were not being observed in practice.

After this correspondence, there came a period to political truce. The political truce ended, however, in the beginning of January 1932. Since then the Committee have had an opportunity again of seeing how the rules regarding the classification of prisoners are being worked in actual practice, and they may be allowed to say that they are strengthened in the remarks which they made in their communication referred to above, by the way various prisoners have been classified during these 10 months. My Committee are informed that during this period only three prisoners have been placed in "A" class. Men and Women of a high social status, academic qualifications and enjoying a high position in life, both from the point of view of their business and their monetary resources, have been placed in "B", and even in "C" class. Several men and Women, who were placed in "A" class at the time of the last Civil Disobedience movement, have this time been placed in "B", or even in "C", class; while several persons placed in "B" class last time have now been subsequently and, it would appear,

as a matter of deliberate policy transferred to "C" class. My Committee are not naturally in possession of facts relating to numbers, but they are given to understand that the number of "B" class prisoners is also very small, and mostly political prisoners are placed in "C" class.

My Committee may be allowed to point out, by way of illustration, in support of their contention that a member of this Chamber and a businessman of the position and eminence of Mr. Shoorji Vallabhdas has been placed in the "B" class. His monthly income was a few thousand rupees and he enjoyed a high social status. My Committee may be allowed to point out also in this connection that Mr. Shoorji Vallabhdas was arrested under the Ordinance without a trial and was given a parole after two months to report to the Police at Bombay daily. Failing to do this, he was sentenced to imprisonment and fine. In cases of men arrested under the Ordinance, and then sentenced for breach of parole, they are not able to prove their innocence in a Court of Law, and my Committee feel that in such cases, then there is no moral turpitude, they must be treated as detenues, rather than as men who have been convicted of any offence against the State. Under these circumstances, my Committee beg again to approach Government with a request that they may be pleased to instruct the Magistracy to look carefully to the rules for the classification of prisoners, and to classify the prisoners according to the spirit of those rules. They would further request that in the exercise of the discretion vested in them, Government should be pleased to revise the classification in a just and fair manner for those already undergoing incarceration.

Letter No. 6039/2 C—dated 22nd October 1932 from Government of Bombay to Chamber.

I am directed to acknowledge the receipt of your letter No. 1713, dated the 17th October 1932, about the classification of prisoners and to state that it is receiving the attention of Government.

APPENDIX 72.

Riots in the City.

The following representation, dated 10th June 1932, was addressed to the Government of Bombay, Home Department by the Committee of the Indian Merchants' Chamber.

The Committee of the Indian Merchants' Chamber have been seriously exercising with the recent happenings in Bombay, which, whatever their origin and whatever their development, have had one definite result of paralysing of trade. It has become difficult for merchants to effect delivery of goods, to make payments, to pay in the money in the banks or to take it out, or to carry on the usual machinery of credit instruments and hundies. It has further become difficult to despatch goods by rail or by sea, or to take them out at the Docks or at the Termini. Even the administration of the telegraph and postal departments has been affected and now no certainty attaches to the delivery of any message which may be despatched by this process. While such is the condition, more in some localities than in others, apprehensions arise with regard to the future, as to what would be the state of things in Bombay, if the present difficulties extend in time or spread in volume.

The Committee of the Chamber have ever since the beginning of the riots, tried to collect correct information and to guage the situation from members of the various Associations affiliated. They had also invited about 50 leading and representative merchants of various trades belonging to all communities, and had the benefit of a prolonged discussion with them. As the result of their enquiries and their discussions, the Committee of the Chamber feel that they would be failing in their duty if they did not address Government and draw their attention to certain aspects of the present disturbances and the state of public feeling in Bombay with regard to some of the issues arising.

It has been pointed out to the Committee that a large number of prisoners, habitually of the criminal class, was released prematurely from the jails of the Presidency, and according to the Directors of Information, their number was 2,020. The Chamber

does not wish to suggest for a moment that Government could have foreseen the consequences of some of these released criminals coming to Bombay and creating a situation of the kind which is going on. But amongst the commercial communities the feeling exists that these men, habitually given to lawlessness, should not be loose, and the Committee of the Chamber would, therefore, request whether it would be possible to trace any number of these released prisoners and to see that they are not allowed access to the disturbed localities and to enter the Municipal limits of Bombay.

The attention of the Chamber has further been drawn to two aspects of newspaper activities : (1) with regard to large and alarming headlines, and (2) with regard to objectionable editorial matters, calculated not to pacify and to calm people of different denominations, but to inflame mutual passions and feelings, and to urge on followers of one religion or another, to vindictive and aggressive action against innocent persons, merely because they belong to a different religious denomination. The Chamber is aware that Government is maintaining a Department and is carefully watching everything that appears in the Press in the interests of peace and tranquility, and they are surprised that undue license is given to several newspapers to indulge in recriminatory and inflamatory writings. Such appears to be the predominant feeling of some of the outstanding leaders of Indian business community, and the Committee would, therefore, urge on Government the advisability of considering how far the flaring headlines in large types or the presentation of twisted news in exciting and melodramatic terms could be checked, and, whether until peaceful atmosphere is restored, it may not be possible to prohibit in public interest the writing editorially of the issues arising out of the present disturbances. My Committee would also press the necessity of dealing with scurrilous hand-bills, leaflets, etc., which are being distributed in the City of a grave and inflamatory nature, likely to add to the present communal bitterness.

The Chamber would like to draw the attention of Government to the scheme, which was suggested after the disturbance of 1929 (vide copy enclosed herewith), and which in some form

or the other has been put forward from many quarters during the recent troubles. The fundamental idea of this scheme is to evoke not only the spirit of self-help, but the spirit of direct responsibility on each locality or Moholla by the creation of a small group of reputable citizens, who would under them enlist the assistance of residents and local citizens to watch the locality, to report any actual events in the locality, and to receive correct and proper reports against any rumours created by panic-mongers, and to help and protect parties who are apprehensive while passing through the Moholla. It has been felt that such a programme will not be effective without official recognition, or even some form of active encouragement, and the fact that various efforts hitherto have not borne fruit, may be due to some apprehension as to the attitude of the authorities on this subject. Some people are of opinion that a much larger civic effort on the part of citizens could be evoked by the organisation of special constables, the groups mentioned above being in some manner linked up through these special constables with the police authorities. There is, in the opinion of the Chamber, a germ of useful organisation of stable interest in the community, not only likely to help in the immediate task of restoring peaceful atmosphere, but capable, if properly organised, of being set into motion at a moment's notice with a view to help the authorities against that lawless section, which exists in every society and which alone profits by the kind of disturbances, which have occurred in Bombay recently. The Committee would, therefore, request that, in order to eliminate doubts and to have a proper scheme formulated, it would be extremely helpful if His Excellency were to invite a few leading citizens of Bombay, who could thereafter be constituted as the Central Board for carrying out in detail of whatever scheme, emerges out of a close discussion of all the aspects of the question.

My Committee have noted that the Police have rounded up a large number of Mawalis in the town. They are informed

that the number of such Mawalis rounded up is about 2,000. Under the existing law, however, they are bailed out on bails of paltry sums. While my Committee do not want to suggest that the liberty of any individual should be taken away light-heartedly, they are of opinion that an eventuality has arisen where the advisability may well be considered of substantially increasing the amounts of these bails or taking such other steps as will enable the Police to find out the antecedents of these people before they are released from the Police custody.

My Committee will be glad to send a deputation to see His Excellency, if he desires a personal discussion with them on the points raised in this representation."

Reply dated 1st July, to the above representation from the Government of Bombay, Home Department, to the Secretary, Indian Merchants' Chamber.

"I am directed to reply to your letter No. 701, dated the 10th June 1932, in which you conveyed certain suggestions made by your Committee for dealing with communal disturbances in Bombay.

2. Paragraph 3 of your letter states that a large number of habitual criminals have been prematurely released from the jails of this Presidency, I am to say that your Committee appears to have been wrongly informed in this matter as the utmost discretion has been exercised when selecting prisoners for release and in no cases have habituals been so selected. The suggestion made in your letter that the prisoners who have been released are responsible for the recent Hindu-Muhammadan Riots in Bombay City is entirely unfounded.

3. As regards the newspaper activities referred to in paragraph 4 of your letter, I am to say that objectionable writings that have come to notice have been scrutinised and action has been or is being taken in all cases in which

Government are advised by their legal advisers that the writings fall within the purview of the law. Either the editors and publishers have been warned or more serious action has been taken.

4. With reference to the suggestion made in paragraph 5 of your letter that a scheme might be formulated enlisting co-operation of reputable citizens and local residents in order to avoid a repetition of such occurrences in future, I am to say that His Excellency will be most willing to consider any workable scheme that your Committee may be able to suggest. His Excellency, however, thinks that no useful purpose will be gained by calling a conference until a scheme has been prepared by your Committee for discussion in the first instance with the Commissioner of Police, Bombay, and then submitted to Government for further consideration.

5. I am to add, with reference to paragraph 6 of your letter, that the Police are fully alive to the necessity of enquiring into the antecedents of all the persons who have been rounded up in Bombay City and that Government do not think that the action suggested by the Committee is called for in this connection."

APPENDIX 73.

Quarterly General Meetings. Speeches of the President and the Vice-President.

Speech of Mr. Behram N. Karanjia, President of the Indian Merchants' Chamber, at the first Quarterly General Meeting of the Chamber, held on Saturday, 23rd April, 1932.

GENTLEMEN,

The record of the work done by your Committee during the last quarter is before you. When I took over charge of my Office of the President, the political storm had already burst and what is known as the Ordinance regime had already begun. The position of the business community, as has been pointed out time after time, has proved to be of an exteremely delicate

and unenviable nature during all these four months of political disturbances. They have to sail their ships amidst troubled waters between *scylla* and *charybdis*. It is not a matter for surprise that under such conditions of working, business has become almost impossible; in fact, it would have been surprising if business had been carried on as usual. You remember how in the beginning of the War there was a slogan adopted by many people of "business as usual" and you also remember how that slogan came to be ridiculed later on as nothing else was. The present conditions in Bombay, I would not consider as peculiar to this City. They would be found, perhaps, in any other place, where political agitation and political dissatisfaction are prevalent to the extent as they are in the Presidency at present.

The political horizon is still darkened by the cloud that hovered round it at the commencement of the past quarter. Not a ray of hope is still visible for the reversion to normal conditions. I have already made my observations on the deplorable situation in my speech at the last annual meeting, and I do not think I can usefully add anything on this occasion. Sullenness is growing and trade languishing. The commercial community has to suffer heavy losses and these must, in their turn, considerably affect the recources of Government. He would be a bold man who would hazard any prophecy of the future. But, gentlemen, we know this at least—all wars must have an end, and so will this War between the Government and the Congress will end. We hope it will end at a very early date, much earlier than the most optimistic of us may imagine. There must be peace some day, and I ask you and the public of Bombay to see that we do not by any rash words or deeds spoil the atmosphere for the restoration of peace and goodwill. To Government also I have to give a warning. The longer the Reforms are delayed, the greater the discontent. The more prolonged the ordinance rule and the greater the rupture with people, the fewer the chances

of working the Reformed Constitution when settled. Let us devoutly hope that the situation may soon improve and save the country from further suffering and damage.

Imperial Economic Conference.

The Government of India have nominated some gentlemen to represent this country at the Imperial Economic Conference to be held at Ottawa. Such a conference was held in October 1930 in London. The object of that conference was to bring the self-governing units of the Empire closer together and to extend the basis of their self-government. In fact, the Statute of Westminster was practically based upon the understanding arrived between the component parts at that conference held in London. This Statute extended, to such an extent, the rights and privileges of the self-governing Dominions that they could well be regarded as independent units attached together by silken ties of only mutual trust and loyalty to the Crown. It is possible under this Westminster Statute that these Colonies must have insisted upon a conference being held at Ottawa, so as to do away with convention of holding this conference always in London. The work of the London Imperial Conference is naturally wanted to be extended still further, and the peculiar economic difficulties through which England and the Empire are now passing, in common with the rest of the world, have suggested to the leaders of the different Colonies and great Britain the idea of having free trade within the Empire as far as possible, as also inter-Colonial treaties for regulation of their trade and commerce and the development of these as amongst themselves. The idea of Imperial Preference was upto recently, not looked upon well by some of the Colonies, as also by a section of British politicians. It must be admitted that the Colonies extended a small preference to the British goods by levying a tariff, slightly lower than that in operation against other countries. The idea now is to extend the scope of this inter-Imperial

Preference and to build up, obviously, a big tariff wall against all outsiders. And this, inspite of the fact that the European States at several International Conferences are paying lip homage to resolutions which protest against such high tariff walls and want these walls to be levelled down in the interest of the general peace of the world. This British Empire Zollverein, if it comes into effect, will be denial of all the principles which have been enunciated and accepted at the International Conferences against the Customs barriers being raised higher and higher in several parts of the world.

It is not the first time that India is supposed to take part, as an independent unit, in such Conferences, whether they be Imperial or International. It is what was so felicitously described by Mr. Wedgwood Benn, ex-Secretary of State for India when he said, that India was enjoying *Dominion Status in action* outside the Indian geographical limits. As a matter of fact, India has much more to lose than to gain from taking part in an Imperial Conference of the character which will be held at Ottawa. It is true that deputations from other Colonies or from Great Britain are selected by their Governments in power. That is so, however, because those Governments are representative of the people and they have to resign if there is the slightest mistake on their part in the conduct of negotiations or if their delegations have betrayed the trust reposed in them. This is not the case, however, with this country, which is ruled at present by an irremovable and irresponsible Executive which is neither amenable to public opinion nor to the resolutions and decisions of the Legislature. Such delegations, therefore, as may be appointed by the Executive Government in this country are no more representative of India than the man in the moon, and the only result may be that the hands of any future Government of India, which may be evolved, may be tied down by the commitments of the present delegation. We are told, however, that the decisions of the delegation would be subject to confirmation by the Indian

Legislature. We know what our legislature is at present, and we cannot trust it with regard to any such decisions as will affect the future of this country so very vitally and intimately. Your Committee have been considering this question very seriously. Though their final decision is yet to be taken, I may say, without revealing any secret, that they will continue their old policy of strong opposition to any form of Imperial Preference.

Imperial Preference has never found any supporter in this land, and there were even Executive Governments, like the one over which Lord Curzon presided, which were strongly opposed to the Imperial Preference. The Indian Fiscal Commission laid down three cardinal rules as follows :—

(1) No preference will be granted for any article without the approval of the Indian Legislature;

(2) No preference given should in any way diminish the protection required by the Indian industries; and

(3) Preference should not involve any appreciable economic loss to India after taking into account the economic gain which India derives from the preference granted to her by the United Kingdom.

I would also put it that till India has got a Constitution which will enable her to negotiate freely with sister nations on a basis of equality of status and powers that we can not think of having any treaty of reciprocity or any preference for any particular nation. For the present, our only answer can be that as a subject nation we can have no right to negotiate or pass resolutions of the type which will probably be entered into at Ottawa.

Exports of Gold.

The numerous resolutions passed throughout the country and letters of protest sent from the different Chambers of Commerce, as also protests made on the floor of the Assembly,

had obviously no effect on the policy of Government and the export of gold was allowed to continue as unrestrainedly as before. The Hon'ble the Finance Member continues still to maintain that the policy of gold exports is justified by the strength it has given to the Indian exchange position. All the leading finance and economic journals of Great Britain point out to the strength which these Indian exports of gold have given to maintaining the pound (£) sterling, as also the general British financial position. One should have thought that Great Britain, if she had any anxiety for her prestige and her honour, would not have passed lightly by the criticisms which are levelled against the gold export policy in this country with such force of reasoning and strength of arguments. If it is deliberately said in the highest quarters of Indian finance and Indian trade and commerce, as well as in economic circles, that this drain of gold from this land is inflicting an incalculable blow to the future resources of the country, and at the same time the British papers admit that the exports of gold have benefitted Great Britain, surely, there is something rotten in the kingdom of Denmark, and public opinion in this country cannot be satisfied by the almost flippant and supercilious manner in which it has been treated by the Finance Member and his supporters. The total gold drained away from this country during the last 8 or 10 months is worth about Rs. 61 crores and the drain has not yet stopped. It appeared a few days back that as a result of the Cross Rate going up, gold would show signs of declension both in price and in export. The price is going down, but the export has again revived to some extent. As Government have turned a deaf ear to all the appeals for interference with regard to this question of gold, it is no use now making any further appeals, which are bound to be rejected. It is, however, interesting that the very policy, which is favoured in this country and looked upon with indulgent eyes by the authorities, does not appear to be followed in Great Britain, where, on the contrary, there are

always appeals to conserve the gold resources. Even so far back as the first century of the Christian Era, Emperor Tiberius, who was endowed with financial genius, was alarmed at the growth of the silk trade with India which made it possible for the latter to export a large quantity of silk to Italy and to get back in return payment in gold.

Diversion of Trade from Bombay.

I should like to refer now to a question, which is considered a hardy annual but which at present should rightly be regarded as very important from an economic point of view, as also from the point of view of the future of this City and the Port of Bombay—I mean, the diversion of trade from Bombay. Your Committee have considered the question in past years very carefully and had addressed both the Local and the Central Governments in this connection. The evil, however, has not been eradicated. What has happened, however, is that during the last two or three years, this problem of trade diversion from this City and Port has been greatly complicated by the world depression as also by the political situation. It has become exceedingly difficult, because of these factors, to point out how far the diversion of trade is due to the comparative costliness of Bombay from the point of view of trade; how it is due to world depression; how far it is due to the competition and greater facilities offered by other Ports; and how far, if at all, it is due to political factors. Recently the public attention has been drawn to this question again because of the import trade in foreign cotton being diverted from Bombay Port to Bhavnagar. The Government of India at their emergency Session last year imposed an import duty of half an anna per lb. of cotton, despite the protests of commercial bodies, including this Chamber, and this has resulted now in other Ports offering inducements to importation of foreign cotton. Besides the loss, such a diversion will inflict on the revenues of Government and on the revenues of the Port, it will inflict a great blow to the Bombay cotton textile industry in its competition with the

Ahmedabad Mill Industry, which has already been gaining ground for sometime past, due to several causes, into which I need not enter here. The question is one which affects all the trade, commerce and industry of Bombay equally and all the commercial Associations in the City as well as semi-public institutions, like the Municipality and the Port Trust should conjointly consider the question and try to arrive at a satisfactory solution in collaboration and co-operation with Government.

Exhibition of Swadeshi Mill & Gin Stores.

Your Committee are devoting more and more attention to the cause of practical Swadeshi. They were impressed by the necessity for holding an exhibition of indigenous mill and gin stores, and have organised this Exhibition, which has been open from Monday last. The cause of Swadeshi has gained much through the small Swadeshi exhibitions or bazars, as they are often called, held in different parts of the City and the suburbs. All these different shows, however, naturally were not concerned with a purely industrial exhibition, like the one we are holding at present. Attention of manufacturers has been drawn since the days of the Great War to the necessity of making mill and gin stores in this country. Several varieties of these stores have begun to be manufactured, and from the point of view of quality or price they are now in a position to compete with foreign stuff. With sufficient patronage, the manufacturers would be able to turn these out in large quantities to satisfy the requirements of the local industries. A look at the Exhibition, which will close next week, will convince you of the great possibilities there are before the industry, which may comprehensively be called the Mill and Gin Stores Industry. The industry, however, is very important and useful, not only because it will provide indigenous articles to the local industries, but also because it will be helpful in developing several small industries scattered throughout the country. I hope that the Mill Agents and others who are interested in the local cotton

textile industry will help in fostering the growth and development of the Mill and Gin Stores Industry.

Speech of Mr. Manu Subedar, Vice-President of the Indian Merchants' Chamber, at the First Quarterly General Meeting of the Chamber, held on Saturday, the 23rd April, 1932.

GENTLEMEN,

The terms of reference to the Tariff Board in connection with the textile industry attract attention, in so far as they are different from similar references in the past in the case of textile, or any other industry. There is a leading question with regard to a differential rate of duty involving preference on goods from the United Kingdom. The wording of the terms of reference makes it almost appear as if preference to the United Kingdom is more important than the protection to the textile industry. I have every confidence in the fair-mindedness of the Indian Tariff Board, but I do feel that the terms of reference in the form in which they have emanated from Government, involve a serious handicap. This Chamber has been dissatisfied with Government policy in respect of protection to Indian industries. Since the Tariff Board was instituted in 1923, it has sat and examined the claims of many industries. The one definite result which it has produced, is to give year after year duties, more in number and higher in rate, so that the taxpayer has to pay and the revenue authorities gather up the coin. I regard the machinery of the Indian Tariff Board as having been extremely useful to the Finance Member of the Council during all these years. Owing to the figures being mixed up, it is not easy to determine definitely the amount, which has gone to Government year after year in respect of the so-called protective duties, but that amount runs into several crores of rupees every year. The total amount of money, therefore, from the taxpayers' pocket, which the Government have got through those 'protective' duties, would be anything between fifty and seventy-five crores of rupees. Look at the picture on the other side

now and the effect on those industries. I do not know of any industry, to which tariff protection has been given in this manner, which has grown really fat, or given substantial and continuous dividends. It would be still more difficult for any one to point out that new capital has flown into any of the industries, for which the Tariff Board has sat, and for which the Commerce Member has claimed that protection is being given. The policy of discriminating protection has, therefore, absolutely failed in India, and now that the United Kingdom, the last stronghold of free traders, has definitely broken away and is imposing duties not only within the range of five and ten per cent., but, up to and exceeding one hundred per cent, let us hope that the injustice done to India in the past through the mistaken policy of Government in the matter of protecting India's industries, would be undone, and that adequate protection will be given, resulting in larger production and in the flow of more capital into these industries.

It is impossible not to pay a tribute to the remarkable patriotism of the British people, resulting in the campaign of "Buy British" initiated by His Royal Highness the Prince of Wales and taken up like one man by the whole population of the United Kingdom. Those of us, who were advocating this policy for India in the past, feel considerably strengthened in our convictions and encouraged in our efforts to advocate a similar policy in this country. If the country, that we have been taught to regard as the richest, the most self-sufficient and industrially the most advanced, needs public propaganda, and if support to that propaganda is found from the highest quarter downwards, it is obvious that a country, that is backward economically and that has not made much advance in the industrial field, should also copy this model and have this gospel preached from the highest quarters downwards. It is, therefore, lamentable that, recently doubts have arisen with regard to the safety of those, who would have the temerity to

support the purchase of Indian made articles, to advocate greater support to concerns registered in India doing banking, insurance, shipping and generally to curtail the purchases on luxuries or unnecessary articles imported from abroad. Assurances had no doubt been given in this direction by His Excellency the Governor of Bombay sometime back, and by His Excellency the Viceroy recently, but I am voicing the feeling of the commercial community when I say that these assurances would have to be very much more explicit. It is not necessary for the authorities to assure others, who would preach the doctrine of "Buy Indian", but in my humble opinion, it is necessary for the representatives of the Crown at Simla, and in the province of Bombay to advocate these things themselves in mitation of, and in pursuance to, the benevolent model set by the Royalty in the United Kingdom.

We have heard a good deal recently of the dangers of the diversion of the trade of Bombay to other ports. In so far as this has been rendered possible through deliberate action, either of Government or of Indian princes, such as the construction of the port at Vizagapatam, and the growth and expansion of facilities on the coast of Kathiawar, the event may be deplored, but cannot be helped. Trade would find the most economical route, and it is the duty of Government to safeguard the trades of British India, if any artificial stimulus is given, or any economic inducements are held out at ports outside the limit of British India. This aspect of the question, including high terminal charges and port charges in Bombay, has claimed the attention of this Chamber over a number of years, and more than once proposals have been received from members of this Chamber for a committee of enquiry into this subject to be set up, so that what is now being spoken of in bare generalities and without the basis of proper facts, would then be disclosed and, wherever possible, remedies could be found. It, is however, fashionable in certain quarters to run down Bombay, to decry Bombay's prosperity, and to dwell

gloomily on its future. Such an attitude is, in my opinion, not helpful. It could only be adopted by those who wish ill to Bombay and generally it is likely to achieve results other than those intended by these prophets of woe. I have confidence in the future of Bombay, which is one of the biggest ports on this side of the Suez Canal, the terminus of three or four principal railway lines, and the people of which have made name not only in India, but in all parts of the world for their enterprise and their business acumen. Like all ports and all capital cities, which are also business centres, Bombay has lost trade, but, when the tide turns and the trade of the world improves, I have not the slightest hesitation in saying that Bombay will not be left out.

You have heard in connection with the affairs of joint stock companies in the United Kingdom and elsewere, of abuses leading to fraudulent management and to great loss to shareholders. I should like to say that the revision of the Companies act in India is long overdue, and it is very unfortunate that it is being put off. At one time when it was urged by Indian public opinion, Government indicated that they would like to wait till the revision of the English Companies Act took place. A new Act was passed in the United Kingdom in 1929, but in India we are not yet within sight of this bill. In particular, I should like to say that a reform is most urgently wanted in that Section of the Indian Companies Act, which enables a contract being made between a firm of managing agents and the company. After very serious thought on this subject, the result of which I have embodied in the Minority Report of the Central Banking Committee, I have come to the conclusion that the law should be so altered that it should be impossible for any contract of management being concluded for more than five years. Nor should it be possible for such a contract to be sold, or transferred, to another party without the express sanction of the shareholders. I will not detain you by giving illustrations of the abuses, which have arisen in the absence of such a

provision in the world of industry in Bombay, but you are all aware that such abuses have arisen. Managing agencies have been hawked round and transferred without any reference to the shareholders. There have been also cases when they have been retained in the interests of incompetent persons, merely because there was a long period agreement.

We have heard recently of prosperous Government finance in India. If this is merely to imply that the task of the Finance Member in India is much easier this year than it was last year, it is quite true. But the ultimate foundation of the prosperity of Government finance is the prosperity of the community. India has not been untouched by the world crisis involving great fluctuations in the prices of staple commodities, and the general uncertainty of the situation has had a paralysing effect on all enterprises. Not the least of the factors, which trade and industry feel to day, is the heavy taxation, and it is very much to be wished that the Finance Member will be in a position at all events to take way the general surcharge imposed in the matter of customs duties and the income-tax. It will be remembered that an emergency was pleaded at the time of these increases, and I am merely taking the opportunity to say that our experience in the past, whenever new taxes have been levied as a matter of emergency and for a short time, has been very unfortunate. Such levies have managed to find a permanent place on the statute book, and the popular feeling still is that, both in the matter of the province of Bombay and in the matter of the expenditure of the Government of India, a more radical measure of economy is wanted. It is useless to seek such economy in mere retrenchment. What is wanted is a new adjustment on the basis of reduced prices and of the reduced resources of the people. I say this, because I fear that the revenue expectations, both of the Government of India and of the provincial Governments, may be defeated through the action of the law of diminishing returns, and it would save embarrassment to everybody, if this contingency is

born in mind, and some definite principle of reorganization of administrative charges is enunciated. It is not the pruning knife that is wanted. It is a bolder measure of readjustment on the principle that the community would only have that kind of administration, which it can afford.

I should like to refer to certain of our domestic matters. I was very much impressed recently by the fact that, only eight of twenty-two commercial associations affiliated to the Chamber find a place in the Committee for their representatives. I further notice that there are many commercial associations in Bombay, which have not affiliated to the Chamber. I think it is necessary, in order that this Chamber should continue to play the role, which it has played in the past usefully, of the central commercial association representing Indian merchants in Bombay, that, those associations, which are not yet affiliated to us, should be so affiliated. Towards that end I should like to suggest that a much larger place on the Committee should be given to these associations than at present. Some of these associations collectively number several thousand merchants, and it is not right that they should have only eight members on our Committee, whereas four hundred odd individual members should select twenty-three. I am giving this out as my individual opinion for the consideration of the members of the Chamber, but I strongly feel that a reform in this direction is necessary. There is another direction, in which I think the time has come for some change, and that is, in the matter of fees payable by individual members. The depression outside has reflected itself in a flood of resignations from this Chamber, and I am sure that the finances of the Chamber would not deteriorate, but would considerably improve if membership charges were put lower than they are at present. It has also been suggested that the charges are so high as to keep out merchants, whose trade is on a limited scale and whose condition renders membership of the Chamber with the existing scale of fees unattractive. I trust

that it will be possible to have these questions considered shortly, and I would, therefore, invite views from any of you, who would like to say something on this question.

Speech of Mr. Behram N. Karanjia, President, Indian Merchants' Chamber, at the Second Quarterly General Meeting of the Chamber held on Saturday, the 23rd July, 1932.

GENTLEMEN,

I have much pleasure in placing before you the report of the work done by your Committee during the second quarter of the official year, *i. e.* from April to June, 1932.

Political Situation.

The political situation, which prevailed during the first quarter, did not change at all during the second quarter. In fact, it worsened appreciably as the attitude of the British Government as also of the Government of India began to stiffen more and more, and we had the climax in the statement made by Sir Samuel Hoare in the Parliament, when he announced the change in Conference procedure. The Conference method, which was adopted by Lord Irwin and the last Labour Government and which appeared to work so well, has been given a decent burial, and the Government in power now, called the National Government, has chosen to follow a method which, in effect, amounts to foisting a British-made constitution. The professed object of this change in the procedure is to speed up the reforms, but a careful study of the statement and all its implications leaves no room for doubt that it is a reactionary statement intended not for advance but for setting back the hands of progress and for undoing whatever work has been done in the direction of constitutional reforms. It is true, a lip service is still being paid to some of the formulae set up by the Round Table Conference, when, for instance, the Secretary of State says that in the first place His Majesty's Government have definitely decided to endeavour to

give effect to their policy by means of a single Bill which would provide for autonomous constitutions in the Provinces and for the Federation of Provinces and the States. There is no mention, however, of responsibility in the Centre, about which all sections of Indian public opinion are so very anxious. Not only that, but it is to be apprehended that the interpretation of the term "autonomous constitutions in the Provinces" may not be the same as the interpretation of it by leaders of Indian thought. Then, again, Sir Samuel Hoare emphasises that the units concerned must be prepared actually to federate and that the proposals to be laid before Parliament must be complete in all essentials. There may not be, however, any short and reasonable period intervening between the setting up of autonomous Provinces and the setting up of a Federal constitution with responsibility at the Centre. It has been emphasised by almost all leaders of note and repute, that delay would be fatal with regard to the evolution of constitutional reforms for this country. The intervening period visualised, at least mentally, by the Secretary of State would lead, I feel, to such a fatal delay. Sir Samuel Hoare's statement leads us to two inferences: (1) that Princes who professed themselves as converts, only less than 2 years back, to the Federal constitution and the Federation ideal, have become suddenly lukewarm in their attachment; and (2) that the Conservative Government, under the influence of their left-wing, have decided a political advance contemplated by Sir John Simon and his colleagues. There is, thus, a most deplorable setback not only with regard to the procedure, but even with regard to the objective, the latter of which is, to my mind, more sinister and dangerous than the former.

The statement of the Secretary of State has been understood by the leading political parties and politically thinking men to mean what I have said above. There can be no stronger evidence of this than the resolutions passed by the Round Table Conference Delegates and the All-India National Liberal

Federation, at their respective meetings held in the City a few days back. Both these bodies condemned whole-hartedly the change in the policy of Government, involving abandonment of the Conference method, and resolved to withhold co-operation in all further stages of the constitutional enquiry and make it a condition of renewed co-operation that the Conference was fully restored. The Liberal Federation also suggested that the scheme of constitutional reforms should be matured and introduced as one whole, inasmuch as an interval between the introduction of the two parts was attended with serious disadvantages and risk. Your Committee have also issued a Press-Note, criticising the statement of Sir Samuel Hoare and demanding that Government would realise the wisdom of retracing their steps so as to bring the policy of Government and the measures taken in accordance therewith to be more in conformity with the wishes of the Indian people.

In connection with this subject, I should like to call attention of the authorities in India and Great Britain to the growing opinion in India that if a Third Round Table Conference is held, it should be in India. What is essential is that Conditions in the country should be studied on the spot and decisions taken in the country itself in the light of information ready at hand.

Sir Samuel Hoare, in the same statement, declared that a state of emergency still existed in this country and that it was intended to assume by ordinances majority of the powers that would otherwise lapse. The Government of India followed this up with issuing a consolidated ordinance, which, thus, continues the ordinance rule inaugurated on the 5th January last. I have nothing to add to what your Committee have repeatedly said with regard to the ordinances, and what they have even said recently in their Press-Note. They are categorically of opinion that these ordinances have a most disastrous effect on trade and industries and that business cannot be conducted while confidence is lacking and confidence will not be restored while the

ordinance rule is in force. Opportunity could well have been taken by the Government of India, when the period of the ordinances issued in January had come to an end, to allow them to lapse and to watch the situation in the country, allowing ordinary law of the land to enforce Law and Order. I need not refer to the feeling of uneasiness and uncertainty created throughout the country by these ordinances and to the hostility incurred by the authorities of a large section of people who are otherwise the least politically minded, who have nothing in common with any political party but who are eye-witnesses to the hardships inseparable from the ordinance raj and whose feelings of loyalty and contentment are turned into feelings of sullen resentment and discontent.

Communal Riots.

Another disturbing factor in the general situation is the Hindu-Moslem tension, which broke out in the form of serious riots on the 14th May and which cannot be said to have still ended. While the riots, in their serious form of mass clashes and communal battles, have shown signs of relaxation, sporadic outrages continue to occur here and there, and, above all, there is a very acute tension still prevalent in both Hindu and Mahomedan localities. These are not the conditions, Gentlemen, which make for peace or for political progress or for the continuance—let alone the development—of trade and industries. It was this very communal tension and, if I may be permitted to call it, communal bitterness which came in the way of Mahatmaji at the last Round Table Conference and which was fully exploited by the opponents of our political progress. Serious efforts have been made by leaders of the Hindu and Mahomedan Communities, through the Bombay Citizens Conciliation Committee and others, to put an end to these riots; but all to no purpose. Your Committee interested themselves in the question, as it is a natural function of the Chamber to do, looking to the place it occupies in the public

life of the City and the stake the commercial community has in the undisturbed continuance of trade and industries. We have addressed Government on this question, and held some meetings also of Hindu and Mahomedan leaders. I cannot say that we succeeded where others failed. The poison is too deep to be eradicated in a short time, and the influences at work; both directly and indirectly, appear to be very powerful. No one has got a ready-made solution. I may frankly say I have got none, but I believe that efforts at restoration of normal and peaceful conditions cannot be and should not be left off because of this. Surely, we businessmen comprising both Hindus and Mahomedans, who have lived together for years amicably and peacefully, have lost neither our humanitarian sentiments and feelings, nor our sound business instinct to such an extent that we cannot, by daily discussions and by consultations with one another, find out a remedy for this canker which is eating away at the very vitals of our public life.

Diversion of Trade from Bombay.

The question of the diversion of trade from Bombay has been engaging the attention of the commercial community, both Indian and European, for a long time. The development of different ports in Kathiawar States and the rapid growth of the Karachi port had affected the trade of Bombay to a large extent. Bombay has invested crores of rupees in her Port, to this extent in fact, that more than half of its annual income goes to the payment of interest charges. All this expenditure was incurred to meet the demands of the trade. It is not surprising that new ports in Kathiawar, with but a small expenditure on their port development, can attract trade by the offer of concessions, such as free storage for prolonged periods, free-insurance, low railway freight, low rate of interest, comparatively small port trust charges, etc. Your Committee had addressed the Government of Bombay in 1928 regarding

this very question, giving comparative facts and figures showing the costs and handling charges at different ports. Unfortunately, no reply was received from Government. Your Committee have addressed the Government of India recently with regard to this very question, suggesting that the problem should be examined in all its aspects by a representative and influential Committee. It is to be hoped that in the interests of the trade of Bombay, Government will be pleased to accept this suggestion, which aims at reaching some settlement and without which Bombay will continue to lose its trade.

Speech of Mr. Manu Subedar, Vice-President, Indian Merchants' Chamber, at the Second Quarterly General Meeting of the Chamber, held on Saturday, the 23rd July, 1932.

The Ottawa Conference.

The attention of the Empire is at present drawn towards Ottawa, and in this connection I cannot help referring to the unsatisfactory attitude of the Government of India in regard to public bodies and business associations, which is in glaring contrast with the attitude of His Majesty's Government towards such bodies in the United Kingdom. A request for the agenda by the Federation of Indian Chambers did not produce any results and the only reference, which Government has made to the Ottawa Conference, was in their communication to this Chamber, in which they asked the views of this Chamber on the advisability of giving preference to imports from the United Kingdom. It is extraordinary that Sir George Schuster, the Finance Member, should have left India for the Ottawa Conference to discuss issues of currency in relation to the Empire without getting authoritative views reflecting public opinion in this country on this subject. It is characteristic of the Tory administration, under which the Empire exists at the present moment, that public opinion is flouted

when it is received, and it is not even sought at critical moments before important decisions are arrived at. To the suggestion by this Chamber that non-official advisers should be attached to the Indian delegation, who are mere nominees of the Government of India, no response was vouchsafed. Under these circumstances, it would not be unnatural for the Indian commercial community to entertain the apprehension that things may be done over their head and without any prior consultation with them, and they would be expected to accept decisions reached *ex-parte* and to acclaim them, when they are announced! While I am one of those, who believe that co-operation in economic and financial fields in many directions, if not between India and the members of the Empire, at least between India and the United Kingdom, would be inevitable, I grieve to see that the atmosphere for such co-operation is being spoiled by deliberate slights to Indian public opinion and by passing over the Indian commercial community on issues, on which they are best qualified to give a lead to the country. The Empire will have to choose between the willing co-operation of India on a self-governing basis and the intense hostility in India to all Empire proposals, so long as the white section of that Empire claims race superiority and race exclusiveness against Indians, whether it is in Natal or in any part of the Empire, including the United Kingdom.

Lausanne and the World Economic Conference.

Recent discussions at Lausanne have opened the eyes of India that the outlook of the United Kingdom towards all questions affecting other people, including their late enemies, is different from their outlook towards India on similar problems. About a year ago Mahatma Gandhi, on behalf of India, urged that an impartial body should examine the public debt of India in order to see, if there were any items that were not legitimately chargeable to the United Kingdom. There was no response to this very modest suggestion by the United Kingdom, who claims

to have let off the Allies more than two thousand million pounds, and who offers to let them off still more substantial sums, if America also falls into line. India is accused and ugly words like repudiation are used by those, whose one objective at the present moment appears to be the creation of an united front against the United States for the purpose of refusing to pay the debts due to her. The struggle of the Irish people against what they regard as British tyranny, is also full of instructive lessons for this country, but the most important issue now is the forthcoming World Economic Conference to be held in autumn in London. Is Government going to jockey the discussions so far as India is concerned, by means of a delegation of titled nobodies, or do they desire that India should speak through representative Indians capable of detachment and of sound Judgment? The low prices of agricultural commodities in this country have advertised already the havoc played by Government's erroneous policy in currency and exchange, and if the suspicion that India is to be sacrificed everytime is to be removed, it could only be done in an atmosphere of open discussion led by Indians, who have the confidence of the community. That real Indian interests have been sacrificed to the exchange exigencies of the United Kingdom, is the conviction of us all, and it is not unnatural that people should seek an explanation of their individual misfortunes from mistakes of policy, or from pure drift on the part of the authorities, if the authorities choose to arrange the matters in secret conclaves at Simla and in Whitehall in confabulations only with their pet nominees, ignoring the Indian Legislature and organised Indian commercial opinion.

India & the World Crisis.

With regard to the world crisis, it is true that India has suffered less than other countries, where the credit structure was raised very high, but the phenomenal export of gold has destroyed, what was the basis of credit in most parts of India,

While advanced Western countries may be able to reconstruct their life even after very severe shocks received by their credit structure, it would take this country long to pick up, where it left. Instead of realising the great economic set-back, which this country has received, and devising remedies for overcoming it, it is surprising to find notes of jubilation in official orations, which fix on the price of Government security and the facility, with which Government can borrow, as a symptom of prosperity. This may be so, where everything else is normal, but in an abnormal situation like the present, it only indicates that the credit of every individual, every firm and every trading concern, is less to-day than it was before, and all lenders are crowding in search of the collective credit of the country, *viz.*, Government securities. It is a symptom, therefore, of the general breakdown of credit machinery in this country and of the consequent economic loss both to traders and to producers. It has to be remembered that the ultimate foundation of the prosperity of Government finance is in the prosperity of the people, but in this country such reminders do not avail.

Abandonment of the Round Table Method.

I am sorry I have to refer to the statement issued by Mr. G. D. Birla which is, to say the least, very unsatisfactory. On the one hand Sir Samuel Hoare is flouting the opinions of public men of the stamp of Sastri and Sapru, and relying on the support of financiers and businessmen, who, he claims, have approved of the abandonment of the Round Table method. On the other hand, instead of falling into line with the rest of the country, Mr. Birla attacks the Liberals, this time for having done the right thing by the country. Those of us, who applauded the Gandhi-Irwin pact, appreciated most the fact that, in regard to the future constitution of India, Indians and Englishmen would sit together on equal terms and the result of those deliberations would form the basis of the proposals of His Majesty's Government. No amount of emphasis on the

personality or presence of Mahatma Gandhi will get over the fact that Mahatma Gandhi, who has strived more than any one else for the self respect of India, will be the first to repudiate any arrangement, in which Indians are merely consulted in their individual capacity, or asked to appear as witnesses before an all-white Parliamentary Joint Select Committee, but have no share in framing the proposals that would be embodied into the bill. I say with confidence that if Mr. Birla is one of those people, to whom Sir Samuel Hoare refers, he has done a very distinct dis-service to this country and the commercial community would with one voice repudiate any approval of the abandonment of the Round Table programme by Mr. Birla or anybody else. That does not mean that we are not sure at the continued imprisonment of Mahatma Gandhi and at the renewal of the ordinances in the new form, but it means that the process in bringing about constitutional reforms is as important as the results, and satisfactory results cannot accrue, except through a process, in which Indians can take part consistent with their self-respect.

The Commercial Community and Financial Safeguards.

On the question of the financial safeguards, the institution of the Reserve Bank, the administration of railways and communications, Indian public opinion has been very clear in the past and it is noteworthy that the formula by Lord Reading at the first Round Table Conference was repudiated by more than one representative Indian at the second Conference. No results in this respect could be said to have been reached and any attempt to settle it by the back-door through the intermediation of individuals, however highly placed they may be in the Indian commercial world, would be strongly resented by the Indian commercial community. The interest of businessmen in politics arises not through the love of excitement, but because it genuinely affects the conditions, under which they have to

work. The better a businessman is, the more he would mind his own business, but he would also mind those things, which affect his business. Any suggestion that the Reserve Bank of India should be established except by an Act of the Indian Legislature and entirely under Indian control, will be unacceptable to the vast majority of the population of this country. Any idea that the control of railways in India, which have been built up with the taxpayers' money, could be put outside the control of the Federal legislature in the hands of a statutory board appointed except through the authority of that Federal legislature, is ridiculous on the face of it. With regard to the financial safeguards, which would take out of the control of the Federal legislature a substantial portion of the expenditure of the Central Government, which would restrict the powers of the Federal Government to borrow either in India or in a foreign financial centre, the proposals are so unusual that there is no precedent for them not only in any foreign country but in any of the dominions within the Empire. Neither the States nor the provinces could possibly agree to this fundamental curtailment of the freedom of their Legislature before that legislature is established. Such at least is the view, which some of us are inclined to take of this problem, and the best method to reach an agreement is not the one suggested. If the Irish drama is not to be re-enacted in India, the best method would be to embody all these points of mutual give and take, including the question of services and of British capital invested in this country into a commercial treaty *to be made, not before the new constitution is inaugurated, but afterwards.* The sovereignty of the Central Legislature in India must be as complete as the sovereignty of the legislature in the United Kingdom or any of the Dominions. Subject to that and with the goodwill and co-operation of the people, there is room for all mutual assurances and for all give and take for all interests concerned in the form of a commercial treaty. The sinister parallelism between the voice of European commercial opinion in

Calcutta and the utterances from the highest quarters, strikes the Indian mind and its significance is not lost on us.

The Re-Organisation Committee.

We are glad that the Government of Bombay have at last realised the importance of setting its house in order not by ordinary methods of retrenchment and pruning, but by a wholesale readjustment, so as to bring the government machinery within the taxable capacity of the people. It has been a matter of very great disappointment that the Provincial Government could carry before the war for a sum of about Rs. 7 crores, but found itself in difficulties in recent years with a revenue of over fifteen crores. The reforms have indeed cost this province more than it can pay, and let us hope that the next instalment of reforms will not be in the direction of increased administrative costs. Those, who profess their desire to hand over to responsible Ministers, chosen from elected representatives of the people, the administration of the province as a sound working machine, should be ready at this stage to avail themselves of such co-operation as may be forthcoming in the radical adjustment that is required. Instead of this, it is amazing that the Government of Bombay should appoint a committee, whose personnel is entirely official and in which no place has been found either for Indian or for European businessmen. If officials could set right the havoc, which they have created, it should have been set right long ago. I can well imagine how the Civil Service members of the Committee would stand out and justify emoluments and prize posts of that service, how the engineering member would justify the extravagances of the P. W. D., and how the member with financial bias and the only Indian on the Committee, would stand out for the establishment of accounts and audit, with no one to voice the public sentiment on behalf of the harassed taxpayer, or to import sane ideas on the scale of remuneration for the kind of work involved on the basis on

which remuneration is fixed in business offices for such work. I can understand the limitation of the powers of the Provincial Government with regard to the covenanted services, but, why the Committee should be debarred from making recommendations, even if the Provincial Government have not the power to enforce those recommendations, I do not know. Is it intended at a later stage to have still another enquiry? and can this process take place piece-meal? The ways of Government are indeed mysterious and in this case they are not calculated to give the results, which will satisfy even Government themselves. I deem it my duty to utter a frank warning that much less will results achieved by this Committee satisfy any section of the public, because of its defects of personnel and reference already indicated.

Speech of Mr. Behram N. Karanjia, President, Indian Merchants' Chamber, at the Third Quarterly General Meeting of the Chamber, on Saturday, the 22nd October, 1932.

GENTLEMEN,

The Report of the work done by your Committee, during the quarter ended 30th September, has been sent to you. The one outstanding event of the quarter, which focussed the attention of not only this country, but, I may say, of the whole world, was the fast of Mahatma Gandhi, following his determination to *Fast Unto Death*, unless that portion of the Premier's Decision, which related to communal electorates so far as depressed classes were concerned, was changed. The Premier's Decision, endorsed by the Cabinet as a whole, was announced on August 17; and Mahatmaji then wrote to the Premier protesting against the terms of the Decision, specially as it related to the deppressed classes, and re-iterated his decision to *Fast Unto Death* unless those terms were altered so far as at least separate electorates were concerned. The Indian people got only one week wherein to put forward their efforts

for a reconciliation between the Caste Hindus and depressed classes which ultimately led to a Pact. Your Committee were busy trying, in their humble way all that they could do, to draw the attention of the Premier, the Government of India and others concerned to the momentous nature of the decision of Mahatmaji and to the grave consequences which would follow from it, if nothing was done to bring about a compromise and to change the decision of the British Cabinet. As you know, Mahatmaji is not only a politician but also a philosophical thinker and social reformer, who has impressed not only the people of this country but of the world generally. It was because of this that eyes of the whole of this country and even of the whole world, were turned towards Yerravda, where an unprecedented experiment was being undergone in the interests of the submerged classes and of the country at large. All's well that ends well; and through God's Providence, Mahatmaji's life was saved.

Different political and communal leaders bent themselves to the task of having a rapproachement between the Caste Hindus and depressed classes, and many of those efforts were carried on in this Hall itself. Ultimately, the venue was transferred to Poona so that the leaders could be in touch with Mahatmaji, whose noble idealism and national ideals, free from all communal taint, paved the ground for a Pact between the Caste Hindus and depressed classes. It is due to the Premier to say that, as soon as the terms of the Pact were cabled to him on Saturday evening, he acted with utmost promptitude and by Monday morning the acceptance of the Pact by the Cabinet had already been cabled out to the Government of India. The Home Member announced the acceptance in the Legislative Assembly at about 11-30 in the morning, and Mahatmaji was apprised officially of the acceptance at about 4-30 p. m. and he broke his fast ultimately at about 5 o'clock on that day. I, as a non-Hindu, am not in a position to comment, one way or the other, on the Pact, though

I must say this that we, non-Hindus, also were concerned with saving the life of Mahatmaji and were extremely anxious that the Pact should be signed and the original decision of the British Cabinet be revised. We also were, and are of the opinion that anything which goes to strengthen the unifying tendency among the Indian people is to be welcomed. The Pact has done away with the separate electorates and has secured to the depressed classes a place of honour and equality with the Caste Hindus. It has been a tremendous achievement, and the country stands grateful to Mahatmaji, as in so many other respects, for the far-sightedness and the sacrifice lying behind his fast, which saved the country from a great catastrophe. The country must also be grateful to the different communal and political leaders who Contributed to the work of effecting a compromise. Let us hope that the spirit, which prevailed with regard to the Poona Pact, will clear the whole of the Indian atmosphere and that Mahomedans and Hindus may, for ever, bury their hatchet of discord and unite in all constructive national work for building up the Indian Nation. With these two bigger communities uniting, the Sikhs, the Indian Christians, the Parsees and others will also unite with them in one solid national pact.

A former Secretary of State once referred to the political position of India in the Empire as "Dominion Status in Action." We have got, since then, sufficient illustrations to show how this *Dominion Status in Action* is actually working. Representation of India at International Conferences was one of the issues on which this so called claim was founded. Even with regard to this, however, the position appears to be quite dubious and unsatisfactory. Thus at the Reparations Conference at Lausanne, which affected India as intimately as any other Colony or country, there were no representatives of India. Sometimes in such cases, she is represented by the High Commissioner, but at this Conference even this was

not done and she was said to be represented by British representatives. Let us hope that in future this will not be so, and that at the next International Economic Conference India will be represented in her own rights and by men who have claims to speak on her behalf.

The Third Round Table Conference is announced to be held sometime next month; but the names of the delegates have not been announced. From what has transpired so far, it is quite likely that the biggest political body in the country will go unrepresented. If this is so, one does not understand what will be the value of the significance of the Round Table Conference; nor can one be optimistic as to the nature of the Constitution which will be evolved as a result of such deliberations. If this is one cause for pessimism as regards the future of political reforms, there is an equally substantial cause for pessimism with regard to the Emergency Powers Bill which will be placed on the Statute Book in the next month. Administration by ordinances cannot take the place of administration with the help of the Legislature. We had hopes that the ordinance regime would soon be ended. Unfortunately, however, although the ordinances have had a long trial, it is now proposed to embody all the ordinances in a regular legislative enactment and place it on the Statute Book, which means that, instead of having ordinances which are to be renewed every six months, we shall have a permanent legislative measure restricting freedom of action of the People. We earnestly hope that the Assembly will rise to the occasion and reject the Bill.

The question of Indianisation of Port Trusts has been long since occupying the minds of the commercial community and Indian Chambers of Commerce, and Commercial Associations have on several occasions in the past emphasised the necessity for such an Indianisation. Unfortunately, all such representations remained unheeded, and even though the Government

of India accepted the resolution moved by the Hon'ble Sir Phiroze Sethna in the Council of State in 1922 that "steps be taken to increase the number of Indians in the higher grades in the service of the Port Trusts, and to lay down a definite policy in regard to the same for the future," nothing was done so far, and the Hon'ble Sir Phiroze Sethna was obliged to move in the Council of State recently that "effective measures be adopted to secure a substantial improvement in the matter of Indianising the services of the Port Trusts to an appreciable extent." The thanks of the country are due to the Hon'ble Sir Phiroze Sethna, who has made a special study of this question, for effectively calling attention to this long-standing grievance, and placing before the Council a large array of facts and figures to show how Government had entirely slept over the question. The question of Indianisation of the services of the Port Trusts depends again to a large extent upon the Port Trusts having an Indian majority. Unfortunately, there is no Indian majority in any single Port Trust. Out of a total of 110 Trustees at the seven Port Trusts, there are to-day 74 Europeans and 36 Indians, and amongst the 36 Indians are included 2 Burmans, 1 Chinese in Rangoon and 1 Arab in Aden. In Bombay, there are 9 Indians out of a total of 22 Trustees, and only three months back your Committee were obliged to represent to the Government of Bombay pointing out that the existing constitution secured a majority to Europeans in the Port Trust and was therefore unsatisfactory from the Indian point of view. Europeans being thus in a majority in all the Port Trusts, the pace of Indianisation of the services of the Port Trusts is kept at a very very slow pace. This is one of those questions on which Government can easily move, as they have pledged often and often to do. Their inaction and their indifference, even in such a matter, are responsible for a deal of suspicion, strong criticism and bitterness.

The question of utmost importance to the commercial interests of the country which is now agitating the minds of the public is the Ottawa Agreement. I need, however, do nothing more than merely refer to it as the Vice-President of the Chamber, Mr. Manu Subedar, proposes to review the situation fully in his speech.

Before I conclude, I should like to make a reference to one aspect of the Communal Award, against which your Committee have lodged a very strong and emphatic protest,—I mean the representation given to Europeans in the Provincial Legislatures. They had been claiming, at both the Round Table Conferences and outside, a special representation with weightage because of the so-called key position they were occupying. We did not, however, expect that the decision of the British Cabinet would give this community such an undue and preponderatingly high percentage of seats in the Provincial Legislatures as has been actually done. Your Committee have issued a statement on this question, wherein they have shown—how to a body of 22,000 men, in round terms, in all the Provinces of British India, an aggregate representation of something like 61 is given on one of two distinct grounds, *viz.*, frankly as Europeans or as representing Trade and Commerce in India. These figures would suffice to prove that whereas the general population of Hindus secure a seat for roughly every 300,000 of their number, the Europeans in the several Provinces secure one seat for every 2,266 of their total strength, or a weightage of some 15,000 per cent! If we omit from the total strength of the European population in India, public servants of all grades and departments as requiring no representation, the proportion would probably work out as one seat for every 600 of the population.

This is in striking contrast to the treatment meted out to Indian Commerce. The Cabinet decision accords to Indian Commerce only half the special representation given to European

Commerce in the Provinces and less than 30 per cent., of the total special European representation. The whole position is, in fact, unfair, and I hope that in equity, the Cabinet decision, in so far as it relates to European representation, will be modified. The Europeans, themselves, may well consider the advisability of rejecting such a decision, which, to my mind, is extremely humiliating, and entering into a pact with the other communities, laying thus a foundation for future good relations, and depending upon the fellow-feeling of the vast mass of the people for their safeguards.

Speech of Mr. Manu Subedar, Vice President, Indian Merchants' Chamber, at the Third Quarterly General Meeting of the Chamber, on Saturday the 22nd October, 1932.

GENTLEMEN,

The whole world is waiting for a revival of trade and welcomes every sign and symptom of an upward change from the depths of depression, in which trade has fallen. It is curious that, while the influence of the political factor is supreme at the moment in all business in the United States and is not unimportant with regard to business affairs in the United Kingdom, in India alone people should seek to separate politics from trade; and I gratefully acknowledge Mr. Winston Churchill has rendered a distinct service to this country in lifting the curtain and showing us the heart and mind of the Conservative party in the United Kingdom. We now know where we are with regard to Dominion Status for this country. On the other hand, nearer at home, the policy of repression is proceeding unabated and the chances of a settlement appear to be meagre, when Government do not pay any heed even to such simple requests in which our European friends in the cotton trade have joined us, as the temporary release of Mahatma Gandhi in order to attempt to bring about an agreement between the various communities. Whatever may happen in the world, it is my conviction and I am voicing the

feeling of the Indian commercial community, that the course of trade in India is tied up with Indian political settlement and the grant of a Constitution satisfactory to the largest majority of the people of this country, that it has become our duty to urge not only on all Indians to do what they can in the direction of a settlement, but to impress with all the earnestness that we can, on the authorities in India, that the progress of India, the prosperity of trade and the well-being of all classes in India, including the Europeans, depend upon the cessation of the conflict, which is going on between the extreme political opinion in this country and the authorities. Mr. Winston Churchill rightly described the Round Table Conference without the co-operation of the Congress as insignificant and of no consequence. The Liberal party in India has also urged that the co-operation of the Congress should be secured. In one staple trade, *viz.*, the cotton trade, a very important interest has expressed its desire to see an early settlement and political peace in India. Everybody and many different shades of opinion and many interests are, therefore, agreed as to what is wanted in order to restore sound trade conditions and in order to enable India to share in the revival of trade, which may be brought about by the efforts of various nations in the world. It is the duty of this Chamber to express itself in no uncertain terms and also to give vent to its apprehensions that, neither trade nor finance in this country, either public or private, will look up unless and until there is political peace.

It is not for me—nor is this the proper place—to examine the obstacles to the establishment of this peace, or to assign relative blame on any section. I can only express my personal view that, with the constitution of Government as it is in the United Kingdom, one would not be justified in taking an optimistic view. England had always taken advantage of the internal weakness and factions of every country, with which she had to deal historically, and every patriotic Indian, no

matter to what class or community he may belong, must therefore make it his business to reduce the area and range of differences, if any, which are alleged to exist between different communities. It is a matter for rejoicing that, with regard to one section of the population—and a very important section—foundations of permanent concord have been laid truly and in a lasting fashion. It is a matter of gratification that the differences, which were alleged to have split the Moslem community into several parts, have also been bridged and that the Hindus and Sikhs on the one side and the Moslem leaders on the other side, are not unwilling to sit together to see if they cannot compose their differences and to give to each other those reciprocal assurances, on the foundation of which alone responsible government can be established in India.

I do not propose to deal with the question of the Princes, which is complicated, but I do not regard it as a question, which is insuperable or beyond the wit of man, if there was the will and the desire to settle it. The only other serious question, which then remains after making so much progress, is of issues between the United Kingdom and India as a whole, issues between European enterprise in this country and Indian enterprise, between the European community and the population of India. This has taken in the past the form of reservations to the Crown, special over-riding powers in the hands of the Governor-General and Governors, financial and other safeguards and the establishment of convention to restrict the power of the future Legislature to discriminate between Indian and non-Indian business. We, as businessmen, are primarily interested in all provisions, which affect the financial administration of the country in the future, and the power of the Indian Legislature to fix tariffs and to make laws regulating the establishment of companies and the exercise of trading in this country by those, who are not born or naturalised Indian nationals. We have opposed such financial safeguards, as

were proposed in the past, as not being in the interests of India, and as detracting not merely materially but wholly from the alleged offer of the transfer of power into Indian hands. The Indian commercial community have again been very emphatic and have expressed themselves through the Federation, that they will not countenance or support any restriction of the sovereign power of the future Indian Legislature to make laws in regard to the regulation of trade and commerce, and that the Indian Legislature should be free to discriminate as and when it became necessary to do so in national interests, leaving any agreements on the basis of give-and-take to be done by negotiations in future. When occasions may arise, even after a free constitution is given to India, no one can foretell. An occasion in the case of Ireland arose, when Ireland was obliged to impose stamp duties on the policies issued by the British Insurance Companies. It does not seem right to us that the United Kingdom should keep with reference to India any Convention, which it has neither sought nor received from any of the Dominions. In any case, I trust that Government is aware that representatives of organised Indian commercial opinion cannot go to the Round Table Conference, as it is now being arranged, in accordance with the Resolution passed by the Federation last October. I cannot for a moment understand how the British Government propose to impose safeguards, which are demonstrably against the interests of India, and to impose them without any semblance of discussion or consultation with those, through whose goodwill and co-operation alone such safeguards could be put into effect.

With regard to the Ottawa Agreement, it is high time that the platitudes of official language were set aside, and the matter was viewed in its concrete and material form. England's desire to retain India as a producer of raw materials and be a market for her manufactures is not a new thing, but the old

motive is finding newer expressions to adapt itself to the needs of the time. The Government of India has been described as a subordinate branch, and an arrangement reached between nominees of this subordinate branch with nominees of His Majesty's Government can hardly be called an "agreement". If this arrangement is ratified by the Indian Legislature with the assistance of the Official bloc and the nominated members, then it is a sham and a humbug, at which Indian public opinion must register its strongest protest. Not only was there no prior consultation with Indian opinion, but there was no association of Indian businessmen, as was requested at the time of the negotiation, and now the authorities want to convey to the world that the Indian Legislature is willing to accept such an agreement. Such a protest would have been made against this procedure in any case, but it becomes a real affair when the agreement, on closer examination, is disclosed to be entirely unfavourable to India. The Chamber has submitted its views recently at length, and pointed out how, from the point of view of India's export trade, of India's manufactures and of the Indian taxpayer, the agreement will give unsatisfactory results. I cannot do better than illustrate this from the point of view of the United Kingdom itself. Two large political parties in the United Kingdom have denounced this agreement, and before any benefits can accrue from increased trade with the Dominions, so far as the United Kingdom is concerned, the active assistance, which Russian trade is giving to the manufacturers of the United Kingdom, has got to be foregone. In the case of India, there are important customers, and though it is not at present disclosed which line they will take, there could not be the slightest doubt that they will do everything to safeguard their own interests, and to hit back India for any injury, which they think India has inflicted on them by accepting the Ottawa Agreement. To my mind, the absurdity of this agreement arises from the fact that, while every Dominion has got a definite economic policy and a national policy for the promotion of indus-

tries and for being self-contained, and an economic policy in respect of currency, freight and all other matters calculated directly to benefit its own population, India is being forcibly drawn into an Empire compact without the foundation and the necessary prerequisite of an active national economic policy. This Chamber has advocated throughout its existence the need for such a policy. Indian efforts in so many directions have been frustrated, because in their hour of need, there was no Government to render assistance to them. Even now more than one industry is complaining of the evil effects of Japanese and other dumping without any response of any kind from Government. So many industries make appeals for protection through the Tariff Board without serious results. Protection to Indian industry in India is difficult to secure and difficult to maintain, but preference is given to the manufacturers of the United Kingdom by one stroke—preferences larger in volume and more important in their effect than what many Indian industries have asked for and have failed to receive at the hands of Government. I trust that authorities would direct the searchlight of commonsense on this issue and would realise that, before the Indian commercial community can acclaim the Ottawa Agreement, they would like to be reassured and to feel that efforts nearer at home are receiving that support from Government, for which they have vainly clamoured in the past.'

In the matter of the Ottawa Agreement itself, the Report of the Government delegates is nowhere enthusiastic. It strikes, over and over again, a negative note, saying that India would have been worse off but for the agreement. In other words, the delegates at Ottawa have tried to save India from something, which she might have suffered if she had not consented to this settlement. In the dealings of nations, driving a party into an agreement willy-nilly, under a stress of necessity, may not be described by strong words, but in private life the description of an arrangement forced on a party, under

a stress, and under a threat, is very ugly. It is no consolation to us that the agreement can be set aside at six months' notice. The harm, that we expect from retaliation and from counter-measures, will have already come and even if some terms of the agreement were hereafter modified, or even if the whole of it were hereafter denounced, it would be difficult to get foreign countries to agree to a corresponding change beneficial to India, once they have introduced these changes as a matter of deliberate policy. We have an illustration already in the threat of the United States to deal with Indian Manganese. Besides this, there is to us a very significant factor strengthened by the recent warning of Mr. Churchill that it will be very long before India will see an administration at the centre responsible to its people. If that is so, then the supposed privilege of modifying such an agreement at six months' notice vanishes in the air, and we have once more the spectacle of an economic policy, hatched in London in the interests of Britain, imposed on an unwilling and helpless people. I say this, because, except from the delegates returning from the United Kingdom, I have not yet come across a single expression of opinion from any responsible Indian businessman approving of the procedure at Ottawa or in favour of the terms of the agreement.

I want to condemn the suggestion, which has been made by the European Chamber of Commerce and which finds support amongst those, who do not appear to wish well to the City of Bombay, that the headquarters of the Government should be removed from Bombay. Any such move would be not only a breach with the old tradition ever since this Presidency came to be established, but would be contrary to the best interests of administration itself. Even now the usual complaint is that Government is too much in the air, that they are not sufficiently in touch with the people, that they derive their information from unreliable sources, that they act in misunderstanding. All these complaints have occurred in

the past and justifiably, in spite of the fact that Government is located in Bombay for some months in the year. How much more serious complaints of this nature would become if Government were permanently removed to Poona, I would ask you to judge for yourselves. On the grounds of efficiency and of harmony with the people, such a proposal stands condemned, but this proposal is propped up by the insidious plea of economy. It is suggested that there would be savings as the allowances paid to the staff would be on a lower basis in Poona than in Bombay. This Chamber would doubtless examine any proposals on the ground of economy when, or, if they are at all formulated and put forward by a responsible party. In the meanwhile, this is merely a feeler of popular sentiment and I am sure the public of Bombay would condemn it with one voice. It is only in India that the intelligence of the public could be insulted in this manner and so serious a change should be sought to be justified on so paltry a plea. I have not yet come across any serious proposals for the removal of the seat of Government from Berlin, Paris, or London; but we have heard that Washington is unsuitable for the U. S. A. It must be remembered in this connection that, not only is the Improvement Trust, a public body, interested in the land of Bombay, but Government themselves have a direct business interest, and the so-called economy of savings by removing the headquarters to Poona cannot possibly over-ride the direct financial interests of the Government of Bombay. The Indian commercial community would, undoubtedly, favour, for the sake of economy, a single headquarter for Government, *viz.* the City of Bombay, thus obviating the extravagance involved in the removal to Poona, but, any suggestion to the contrary must stand condemned. It is not only the headquarters of Government, which would be removed by this proposal, but the seat of the Council, and the idea that the legislators should meet not in Bombay City, which has been and should be the capital, must be deprecated, as it would deprive legislators from all parts of the province from

that touch with the metropolis, which is necessary to enable them to form a balanced judgment and put forward progressive ideas.

I want to reiterate the warning, which I gave on the last occasion, that the prosperity of Government finance and high prices of securities, do not indicate an improvement in the general condition of the people. Nor can I share the optimism of the railway authorities that the revival of trade has really started. It is necessary, in public interests, to prevent any extravagant programme of capital outlay for railways induced by the fatal facility of cheap money from Government. The public debt of India is already heavy and the official designation of "productive" as applied to debt is grossly inapt in many cases. It will be noticed that the progress is not parallel. While public credit stands and Government borrows at cheap rate, it is known to merchants that the difficulties of borrowing not only on general credit, but even on properties, factories, goods in warehouses and godowns and other assets, are great and increasing. There has been a large volume of private credit destroyed in this country, which has released these funds, and there could be no proper revival of business till credit facilities for private individuals show a marked improvement. Under the circumstances, the taxpayer, who is the ultimate source of Government revenue and who has borne increased burdens patiently so long, is bound to protest. With a reduced expectation of revenue from nearly every source, a much greater effort is wanted for the adjustment of public expenditure and for economy, not in the nature of pruning retrenchment, but in the nature of fundamental readjustments, both in the finances of the Central Government and the Provincial Governments. While sympathising with the efforts of the Bombay Government in this direction, this Chamber would like to support the warning given by the Controller and Auditor-General, and to reiterate this criticism of the personnel and

procedure of the Committee set up by Government for this purpose. It is not with a view to criticise everything that Government does adversely, but with a genuine desire to see successful results in the reorganization of administrative machinery and in cutting down very much more substantially than has been the case hitherto the expenditure on public works that I have made reference to this subject.

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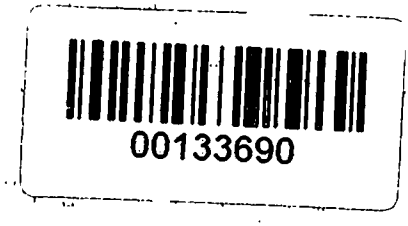
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